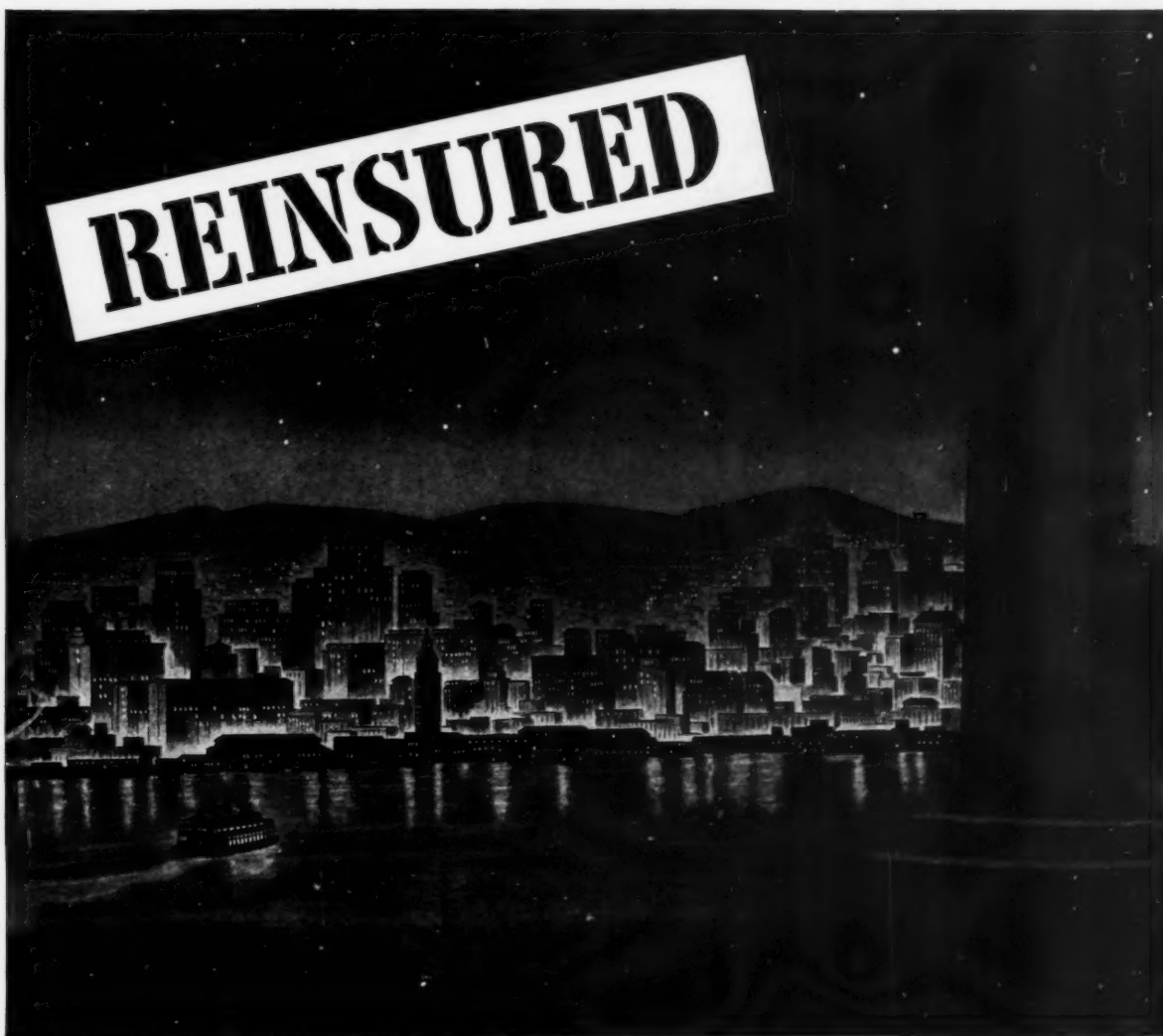


The NATIONAL UNDERWRITER

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*REINSURANCE is the bedrock
of safety underlying the insurance industry's
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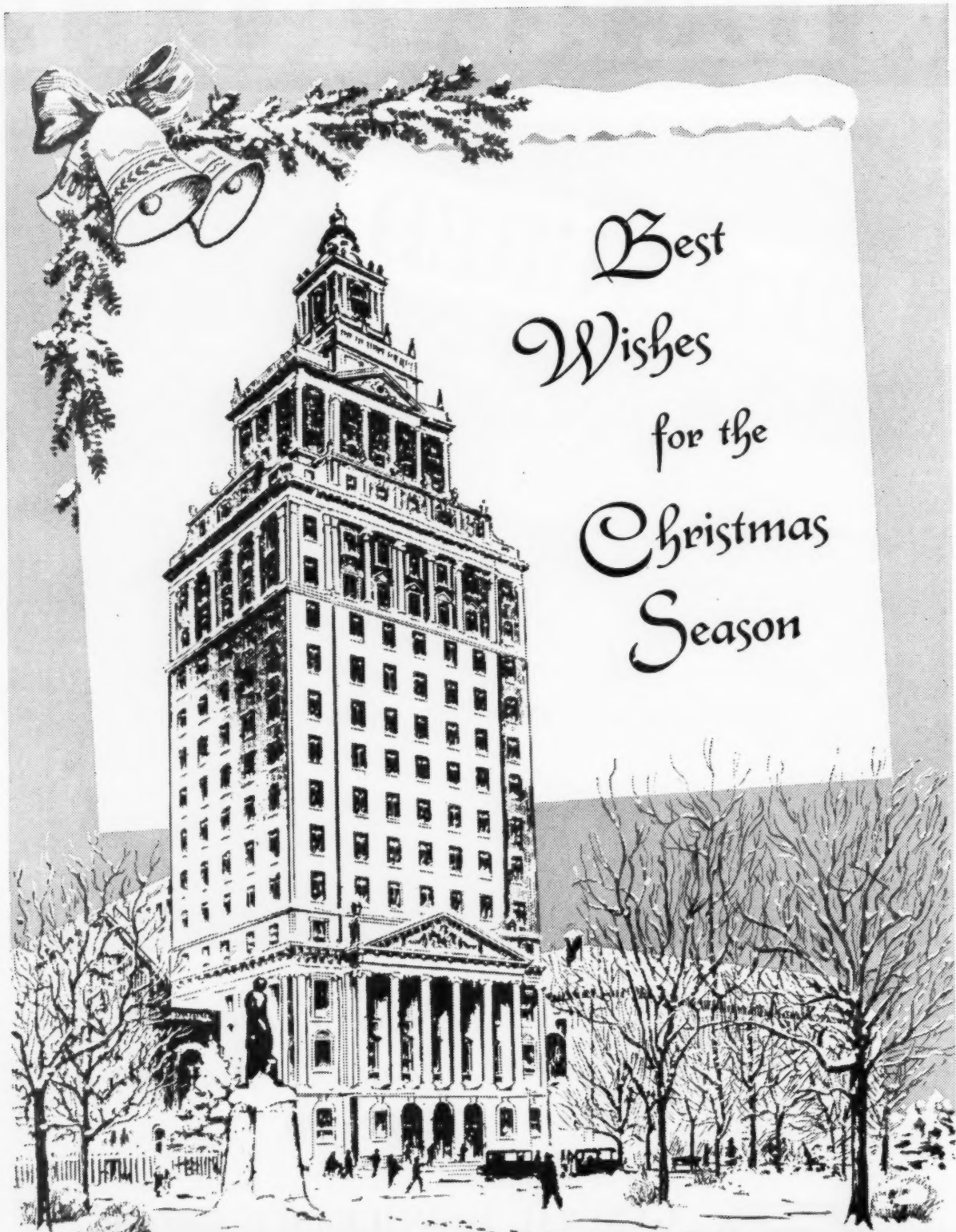
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THURSDAY, DECEMBER 4, 1952



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BANKERS INDEMNITY INSURANCE CO. THE JERSEY FIRE UNDERWRITERS

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K. C. Reciprocal Quits Ohio Auto Dealer Connections

Universal Underwriters Pulls Out Following Motors Ins. Co. Decision

COLUMBUS—Universal Underwriters of Kansas City has notified automobile dealers in Ohio that their contracts will be terminated as of Dec. 31. The reason given is the U. S. Supreme Court decision in the Motors Ins. Co. case, which upheld the Ohio statutes and insurance department rulings against licensing automobile dealers. The notice to agents states that Universal Underwriters does not wish to jeopardize itself and automobile dealers by continuing a practice on which a legal cloud has been thrown.

Ohio insurance men, however, are certain that the real reason is disastrous experience with auto physical damage business obtained through dealers. The Ohio reciprocal law clearly exempts reciprocals from the agency licensing law which was at stake in the Motors case and a large number of domestic reciprocals have been organized to write business through dealers. Ohio agents have been trying to get this loophole plugged during several legislative sessions.

Universal Underwriters is the only large general writing fire reciprocal which has written business in Ohio through automobile dealers and Ohio agents feel its action clears the air considerably. It will continue its general direct fire business through its salaried solicitors.

N. J. Governor Declines to Unseat the Commissioner

Gov. Driscoll of New Jersey has turned down a petition by T. James Tumulty of Jersey City, calling for ouster of Commissioner Gaffney.

Tumulty and George A. West charged that Mr. Gaffney improperly authorized an increase in auto liability rates, that there seemed to have been an alteration of records and that the commissioner is prejudiced in favor of insurers.

George Peery Leaves Virginia Department for D. C. Post

WASHINGTON—George Peery has resigned as deputy commissioner of Virginia to become casualty actuary of Government Employees Ins. Co. of Washington D. C. He had been with the Virginia department since 1934 except for an interval in 1949-51 when he was with Textile Ins. Co. of High Point, N. C.

Smith Heads Va. F. & M.

Clarke Smith, U. S. head of Royal-Liverpool, has been elected to succeed Claude Minor, who is retiring Jan. 1, as president of Virginia F. & M. Mr. Minor, with the group 28 years, was given a testimonial dinner at Richmond by the management and directors.

Rating Bureau Asks Approval of \$50 Deductible in Va.

RICHMOND—"Substantial reductions" in extended coverage rates in Virginia could be made if the Virginia state corporation commission permits an optional \$50 deductible clause, L. O. Freeman, manager of the Virginia Insurance Rating Bureau, told the commission at a hearing. He said that dwellings, for example, could be insured at 5 cents per \$100 instead of the current rate of 8 cents if the deductible feature were authorized. He added that dwellings represent "the great preponderance" of the buildings insured in the state.

Present extended coverage rates, with few exceptions, would remain substantially the same on policies not carrying the deductible feature.

Mr. Freeman testified to the increased use of extended coverage endorsements in the last 10 years. During that period, he said, it has increased 400%, while policies with fire insurance only have increased only 140%.

In the Tidewater area of Virginia, he noted, insurance companies have about \$1 billion in liability. Of this, about two-thirds is under extended coverage. "A mere loss of 2%" he said, "would run into millions. We're dealing in large figures."

He said that it has been the bureau's experience that, when the storm warnings go up, writing of insurance policies also goes up.

Mr. Freeman noted that, although extended coverage deductible policies would not apply to the contents of a building, the insurers would permit contents to be included by advancing the extended coverage rate 50%. In no event under this provision would the additional premium be less than \$5 nor more than \$10 a year for each building covered by the policy, he said.

Phoenix Appoints Taylor Public Relations Director

Phoenix of Hartford has appointed Alden M. Taylor director of public relations. He joined the group in 1950 and has worked in the public relations department under John Ashmead, secretary. Mr. Ashmead, who ran for Congress in the recent election, will retire at the end of the year.

Mr. Taylor is a graduate of Dartmouth and an air force veteran. He was formerly in newspaper work with the New York Herald-Tribune.

Rising Moves to Miami

John D. Rising, Jr., special agent for Home at Indianapolis, has been transferred to Miami, Fla., office in the same position. He will succeed John D. Bullock, Jr., who resigned to enter the local agency field.

Mr. Rising, a graduate of Kansas State University and air force veteran, joined Home at Indianapolis in 1949 and was appointed special agent there.

Aetna Life Stock in Demand

Aetna Life stock was quoted Tuesday at 112-114 following the announcement of the proposed 50% stock dividend. Before the announcement stock had been trading at about 97.

Parker Wiggins Is Named Manager of Louisiana Bureau

Parker A. Wiggins is the new manager of Louisiana Rating & Fire Prevention Bureau succeeding W. S. Bizzell, who becomes manager of the North Carolina bureau on Jan. 1. Mr. Wiggins was formerly assistant manager.

Kenneth L. McIntosh, who was also formerly assistant manager, is promoted to associate manager.

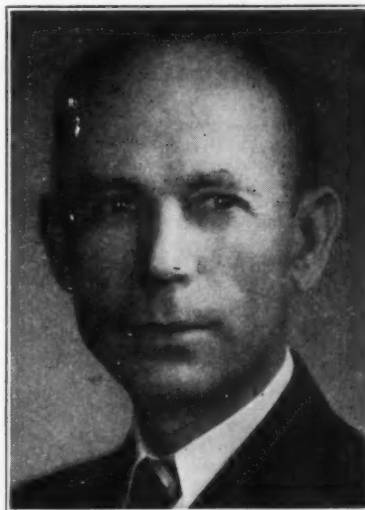
Mr. Wiggins is a graduate of Northwestern State College and was a distinguished athlete there. He was with the Pescud local agency at New Orleans after returning from military service in the last war. He served as special agent for Springfield F. & M. from 1947 until last summer when he went with the Louisiana bureau in charge of public relations.

Mr. McIntosh is a graduate of University of Virginia and has a master's degree in chemistry from Tulane. He is a C.P.C.U. and is an army veteran of the last war.

Rumor J. Edward Day to Be Prudential Associate Counsel

Reports were circulating extensively in Illinois insurance circles this week that J. Edward Day, the lame duck insurance director of that state, will become associate counsel of Prudential when he leaves state office, Mr. Day declined to comment on this, however.

Gentry to Return to Arkansas Post



U. A. GENTRY

U. A. Gentry, who was commissioner of Arkansas, from 1933-1937 and who has been a practicing attorney at Little Rock since then, will become commissioner under Governor-elect Cherry in January. He will replace Herbert Graves.

California Gets Broad Form Dwelling Policy

Final Contract Is Modification of Earlier Versions— Delete Friendly Fire

By action of the governing committee of Pacific Fire Rating Bureau, a new broad form has been adopted for California only for use on buildings (not contents) of the dwelling class other than farm dwellings. In its final version there have been a number of amendments of earlier drafts. THE NATIONAL UNDERWRITER in its Sept. 18 edition printed an extensive analysis of one of the earlier proposals. One of the important changes is elimination from the coverage of the "sudden and accidental loss from friendly fire."

In the one form are combined the basic fire coverages, plus those contained in the EC and AEC endorsements plus several new specified perils.

Rules, forms and rating procedures are going to be released within the next two weeks, according to the Pacific Fire Rating Bureau and the effective date will be Dec. 1.

At the same time, rate changes that are made effective for California will amount to about \$8 million annually, according to P. F. R. B.

There is an overall reduction in the extended coverage rate level of 30% which it is estimated means a premium decrease of \$4,250,000. The E C rate cut for residential property is 20% and amounts to \$1½ million.

The fire insurance rates on dwellings are reduced while the contents rates are slightly increased. P. F. R. B. remarks in this connection that the rates for building and contents have been the same for many years. The experience on contents has been poor while the dwelling experience has improved. The new rate changes are consistent with this situation. The adverse experience on contents, according to the bureau, is due to the failure of most buyers to insure their contents to proper value. In San Francisco, the average combined fire and E C rates on dwellings are reduced 24% while there is an 8% increase on contents.

There are reductions of about 7% for fire insurance and 25% for E C on nurses homes, convents, dormitories, homes for poor and frame apartments, etc. There are rate increases for a very few brick apartment houses.

The combined fire and E C rate for wood frame schools is reduced about 10% and there is a similar reduction for brick schools in unprotected locations.

The new broad dwelling form was adopted by Pacific Board companies after revision by regional organizations and Insurance Executives Assn. to meet criticisms of some company executives, largely on the score of liberality. It differs from the form originally presented in the following major respects:

The coverage is extended for 30 days instead of five, to cover such items as storm windows while removed for repair. The friendly fire clause has been deleted.

The peril of smoke has been broadened to include all devices except agri-

(CONTINUED ON PAGE 36)

MERRITT IS PRESIDENT

New Management Unit Set Up for Brown Reciprocals

Schuyler Merritt, II, has been elected chairman and president of Reciprocal Managers, Inc., a new management organization for Associated Reciprocal Exchanges, association of preferred risk industrial and mercantile concerns for underwriting each other's fire insurance. The group has more than \$2,500,000.000 of insurance in force.

Mr. Merritt is resigning as secretary and treasurer of McKesson & Robbins to assume his new duties. Before becoming chief financial officer of McKesson & Robbins in 1941, he was with Dillon, Read & Co., investment bankers, 1922 to 1928, executive vice-president of New York State National Bank, Albany, to 1936, and a partner of Riter & Co., New York investment house, to 1941. He is a member of the advisory committee of Chemical Bank & Trust Co. of New York.

He will head the management of Arex Indemnity, specializing in casualty insurance for A.R.E. subscribers.

In 1881 a group of leading manufacturers and department store owners in New York formed an exchange to inter-insure each other's properties. New York Reciprocal Underwriters was formed in 1891, American Exchange Underwriters in 1892, Affiliated Underwriters in 1922, Fireproof Sprinkled Underwriters in 1925, and Metropolitan Inter-Insurers, 1928. They underwrite insurance of manufacturing, wholesaling and retailing properties in all parts of the U. S. and Canada. All are now operated as a unit, Associated Reciprocal Exchanges, with which is affiliated Canadian Reciprocal Underwriters, formed in 1934.

The new Reciprocal Managers, Inc., will be owned by A. R. E. and will take over the duties of Ernest W. Brown

Inc. The former officers and staff of the Brown organization will join the new corporation. Other officers will be: Vice-presidents, Robert M. Dewey, Robert E. Adams, Alwood Y. Blair, Vincent E. Donohue, Valentine W. Gerish, D. L. Starr, Philip Wilkin and Paul I. Thomas, the latter serving also as general adjuster; treasurer, Alfred Knudson, and secretary Marion E. Sawyer.

Western C. & S. Capital Increased to \$1 1/2 Million

Western Casualty & Surety has declared a 25% stock dividend which will increase the capital from \$1,200,000 to \$1 1/2 million. New certificates will be issued Dec. 31 to stock of record Dec. 10 in the ratio of one new share for each four shares now held.

The regular quarterly cash dividend of 50¢ was declared, payable Dec. 29

to stock of record Dec. 10. The Directors indicated their intention of continuing dividends at the same rate on the increased number of shares commencing next March.

Young N. Y. Federation Head

Carl A. Young of Syracuse was elected president of Insurance Federation of New York at the annual meeting at New York Wednesday. He is president of the George A. Young agency.

An advertisement similar to this appears in SATURDAY EVENING POST, December 6



"The Yankee Peddler"—painted in 1853 by John W. Ehninger. Courtesy of the Newark Museum, Newark, N. J.

STOCKS

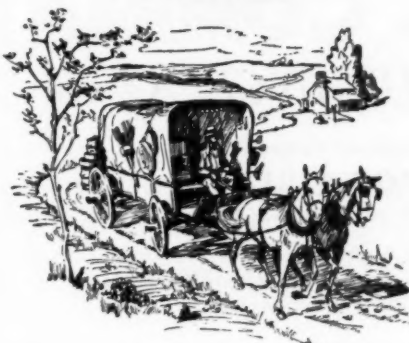
By H. W. Cornelius, Bacon, Whipple & Co.,

135 So. LaSalle St., Chicago

Dec. 2, 1952

	Div.	Bid	Asked
Aetna Casualty	3.00*	103	106
Aetna Fire	2.25*	61 1/2	63
Aetna Life	2.50*	112	114
American Alliance	1.50*	34 1/2	36
American Equitable	1.50	30	32
American Auto	2.00	51	53
American (N. J.)	1.00	25 3/4	26 3/4
American Surety	3.00	57 1/2	59
Boston	2.50*	74 1/2	Bid
Camden Fire	1.10*	23 1/2	24 1/2
Continental Casualty	2.50*	96	98
Crum & Forster Com.	1.60	45	47
Fire Association	3.00	74	76
Fireman's Fund	1.00	60	62
Firemen's (N. J.)90	27	28
General Reinsurance	1.60	38	40
Glens Falls	2.00	59	61
Globe & Republic80	17	18
Great American Fire	1.50*	41	43
Hartford Fire	3.00*	159 1/2	Bid
Hanover Fire	1.60	39 1/2	41
Home (N. Y.)	1.80	43 1/2	45
Maryland Casualty	1.20	25 1/2	26 1/2
Mass. Bonding	—	22	23
National Casualty	1.50*	26 1/2	28
National Fire	2.50*	71	73
National Union	1.80	41	43
New Amsterdam Cas.	1.50	44 1/2	46
New Hampshire	2.00	44	46
North River	1.20	32	33 1/2
Ohio Casualty	1.20	68	72
Phoenix, Conn.	3.00*	99 1/2	101 1/2
Prov. Wash.	1.50*	31	33
St. Paul F. & M.85*	33	34 1/2
Security, Conn.	1.60	39	41
Springfield, F. & M.	2.00	51 1/2	52
Standard Accident	1.60	41 1/2	43
Travelers	14.00*	684	694
U. S. F. & G.	2.00	64	66
U. S. Fire	1.50*	45 1/2	47

*Includes extras.



Serving the home

This silver-tongued peddler would probably have been amazed if he had been told that the jingling bells of his wagon were ushering in a new era of American life. The fact remains that his sales talk had much to do with introducing manufactured products into the American home.

A well-equipped home is both a blessing and an investment . . . and it's an investment that should be adequately safeguarded. That is why prudent householders turn to insurance for protection against the risk of loss.

The Great American Group of Insurance Companies has many policies adapted to the special needs of householders. Such forms include fire and extended coverage, liability, burglary and theft, and broad floater forms. Ask one of our 16,000 agents, or your own broker, how your requirements may be provided for—efficiently and economically.

Great American Group of Insurance Companies

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WORLD-WIDE FACILITIES FOR PRACTICALLY ALL FORMS OF INSURANCE EXCEPT LIFE

Ala. Agents to Try to Get Qualification Law and to Curb State Fund Expansion

The local agents of Alabama are going to make a strong try to get a qualification law through the legislature which goes into session in 1953. They feel that the chances are good at long last. Also, the agents intend to try and do something about the state fund. Originally this was intended to write state

properties only. During the past year the fund has been soliciting local school property and getting quite a few risks.

Brooklyn Brokers Honor Condon

At the 40th anniversary dinner of Brooklyn Insurance Brokers' Assn. the group honored William F. Condon of Yonkers, chairman of the joint legislative committee on insurance of the state. Senator Condon was presented with the association's annual award.

Restrictions Abroad on Insurance Hurt U. S. Companies

Successful operation of overseas offices of American insurance companies, so vital to their flourishing foreign markets, is being threatened today by exchange controls and unstable currencies, E. A. G. Manton, president of American International Underwriters Corp., told the national foreign trade convention at New York.

"Inability to transfer funds freely from one territory to another . . . isolates one from another and throws the whole burden of loss upon the particular economy wherein it occurs instead of spreading it among them all. The inevitable result is higher rates than would otherwise need to be the case," he said.

Another factor necessary to the success of foreign home offices of American insurers is competition. As an illustration, Mr. Manton said that World War II brought about a cessation of 40% of his company's business overseas, but that competition, stimulated by the remaining free areas of the world, brought the total premium income back to its former level within a year.

Elaborating, Mr. Manton explained that legislation abroad is a limiting factor to the expansion of American insurance industry's foreign interests. "So long as these laws are non-discriminatory in their application, it is impossible to protest even though one may believe that the law is unwise in some of its aspects," he said.

At the same time, he went on, citizens of these nations that pass discriminatory legislation very often welcome American insuring policies. This attitude, he said, has been advanced considerably by National Foreign Trade Council's treaty committee, which has been instrumental in pushing the national treatment policy to be included in treaties of commerce negotiated with foreign countries.

The insurance industry serves American interests overseas in three basic ways, Mr. Manton said, outlining them as: marine insurance markets for import and export trade; home-foreign market for American-owned properties abroad and for coverage abroad of usual casualty risks; and the overseas branches and agencies of domestic companies.

Ever since 1919, when the American insurance companies came into their own in the international insurance business, these companies have enjoyed "increased prestige reflecting the position of the United States as the great financial and industrial power of the free world," he stated.

Phoenix of Conn. Names Three in Middlewest

Ronald L. Sonmore has been appointed state agent for Phoenix of Hartford group in the North and South Dakota field which was formerly supervised by the late Clayton Stanley. Mr. Sonmore joined Phoenix following graduation from the University of Minnesota. For the past few years he has represented the inland marine department traveling the states serviced by the Minneapolis office. His new headquarters will be at Fargo.

Richard P. North, state agent, has been transferred from Minnesota to northern Wisconsin and the upper peninsula of Michigan. He will take over the field duties of John Wasmuth who resigned on Oct. 31. Mr. North's headquarters will be at Wausau.

Grenville S. Tompkins, Jr., special agent has been assigned to the Minnesota field and will work closely with T. A. Valine, Jr., state agent, and Richard S. Lowrey, special agent. Mr. Tompkins served with the armed forces in the war and has completed an extensive training course in the home office. His headquarters will be at Minneapolis.

10 in Minn. Speakers Club

Twenty field men are now enrolled in the Minnesota Insurance Speakers Club and an effort is being made to get 10 more. The class meets each Monday afternoon with John Burger of General Mills, as instructor. The class is sponsored by Minnesota Fire Underwriters Assn.

Tenn. Rate Change Date Advanced

NASHVILLE—Tennessee's recently revised rates on auto comprehensive become effective Jan. 15 instead of Dec. 15. This is due to failure to get new rates printed in time and to the need for more time on the part of local agents. Reductions in comprehensive rates will amount to about \$750,000, offset by an increase in collision that will amount to \$250,000.



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Tenanted by leading Fire and Casualty Insurance Companies, the Jackson-Franklin Building offers the ultimate in fine executive and general office accommodations, at substantial savings in rental. Companies with leases expiring soon will find it profitable to obtain our plans and rental information.

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ATLANTA, GEORGIA
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Phone Dunkirk 8-3161

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Reduction in Operating Costs Is Accomplished Through Policy Design

A constant objective of the business in these times is a reduction in cost of operation, and there has been considerably exploration of policy design as a means of accomplishing the purpose. An idea of the possibilities in this direction is suggested by Ralph C. Graves, an independent consultant on insurance policy design and engineering at New York who has spent six years in the field. He has worked on the design of policies now being used by several insurers.

The possibility of savings is especially notable in automobile, where the number of policies is very large and it is not uncommon for a fair sized company to issue 100,000 policies a year. In one case of a redesigned policy savings effected amount to more than \$250 per 1,000 policies, or \$25,000 a year.

The old automobile physical damage policy, as an illustration, involved 175 typing operations, the new one, 66; 109 of the operations were repetitious. There are at the same time by-products produced in the one typing operation of the new policy. These are the accounting abstract records including an index and expiration cards, also as required, a certificate of insurance and an installment premium endorsement. The endorsement does not require separate pasting to the policy and daily reports.

Tests show that it costs about 15¢ to type an abstract. It must be put separately through the typewriter. The typist must pick up the information at various points on the daily. This cost is eliminated, and since an abstract is prepared for each policy, the saving is effected on every policy the company issues. This amounts to \$150 per 1,000.

The installment endorsement easily costs 15¢. Perhaps it goes on as many as 30% of policies, so that the saving here is \$45 per 1,000 of total automobile physical damage policies issued. The use of this endorsement is increasing.

The preparation of a certificate, where these are required, costs at least 25¢ and it is estimated that they are necessary on 25 to 30% of policies. They are commonly required on automobile physical damage contracts. This would add a saving of \$62.50 per 1,000 for a total of \$257.50 per 1,000 on this type of policy. On 100,000 policies, this would amount to \$25,750, a respectable amount for any company to salvage in days of rising expenses.

The policywriter in an agency or branch office can take a policy with the abstract and the other items in it and complete at least 30% more policies because of the ease of handling with carbon loaded sets and the design of the policy to accord exactly with the requirements of the machine and of the typist.

Policywriting starts from the moment insured's coverages are determined, and its effects are felt till the filing is completed in the agent's office and the statistical records are compiled at the home office, perhaps even until the payment of a loss is recorded.

Mr. Graves believes that the same basically designed policy can be used for all purposes. Although automobile is the largest single category of policies, numerically, the aggregate of policies used in all other lines would be very substantial.

The company can coordinate the basic design of its internal records with what the policywriting produces. The redesigning of the policy and forms calls for a program covering processes from inception of policy to

completion of it, its by-products, and their full use. Such a program may sound expensive but it can be done quite inexpensively, considering the savings.

In the process the company can produce an attractive policy that will pro-

vide a good production tool.

The ease of preparation adds prestige for the company in goodwill of agents. The policywriter is apt to reach for the policy that is the most easily handled. The cost of printing the redesigned policy can be and has been brought to a lower figure than the cost of printing the old form.

Cuts Off Rural Protection

LOUISVILLE—The city of Louisville has announced that effective Jan.

1 the city fire department will answer no outlying or county fire alarms, beyond the corporate limits of the city, except as may be expressly provided by ordinance, or by contracts or agreements.

For some time the department has answered but few calls in the county, and none from industrial plants other than Aetna Oil Refining Co. and B. F. Goodrich Co. plants at Rubbertown, which have contracts with the city for protection. Most calls from home owners are referred to the nearest county volunteer fire department.

Are You Getting the Most Out of Your Collections???

The forward-looking producer who keeps his collections up-to-the-minute at all times and does not permit clients to over-extend their credit, is the producer who will be in the best financial condition at year-end.

Due to the unprecedented volume of business written in recent years and also to the serious lack of experienced help nowadays, some producers may have been less diligent than usual in collecting premiums due.

But insurance producers, like many other business men, are facing uncertainties these days and most of them need all the money they can collect.

Collect now or repent later! That's the gospel according to "St. Lucre."

Agents are cordially invited to ask for a free copy of our collection booklet: "Getting The Most Out Of Your Collections." Write our Advertising Department.

NORTH BRITISH AND MERCANTILE INSURANCE COMPANY LIMITED
THE PENNSYLVANIA FIRE INSURANCE COMPANY
THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK
THE MERCANTILE INSURANCE COMPANY OF AMERICA
THE HOMELAND INSURANCE COMPANY OF AMERICA

150 WILLIAM STREET, NEW YORK 38, N. Y.

New York
 Detroit

Philadelphia
 Chicago

Boston
 San Francisco

How Tex. Hail Service Office

A new service office for Fireman's Fund group has been opened at Dallas to handle hail business in the Texas division. M. R. Lazenby was appointed

special agent for the new hail department. The new office is equipped to issue hail policies and service the payment of losses.

C. R. Childers continues as Texas hail special agent at Lubbock.

Louisiana Official Clarifies Law on Agents Commissions

From T. H. Schneidau, chairman of Louisiana fire insurance division of Louisiana rating commission:

In your issue of Nov. 13, there appears an article under the heading "Louisiana Commission Rule Allows for Classifying Agents", from which I quote as follows:

"In the administration of the law it is held that classes of agents can be established by premium volume and/or loss ratio."

There is nothing in the Louisiana insurance code that gives this commission the right to classify agents according to premium volume and/or loss ratio. For your information I am quoting from the Louisiana insurance code, section 1459, which reads as follows:

"A. In order to prevent unfair discrimination by any stock fire insurer in the compensation to be paid to its local agents in this state, each stock fire insurer shall annually on or before the first day of December of each year file with the fire insurance division of the Louisiana Insurance Rating Commission a schedule of rates as well as all other compensation whatever which each insurer will pay its respective local agents within this state for the ensuing calendar year, provided that the said rate of commission, as well as all other compensation to be paid by each insurer shall be uniform and equal as to all of the local agents of said insurer throughout this state."

"B. The commission paid by each casualty, surety, fidelity, guaranty and bonding insurer doing business in this state to its agents in this state, shall be uniform and equal as to all classes of agents of said insurer throughout this state."

You note that nowhere in these paragraphs is there any mention as to classification of agents as mentioned by you.

In view of the fact that this article appearing in your periodical has caused considerable correspondence to this commission and no doubt has the tendency to create the wrong impression in other sections of the country, I would appreciate if you would make a correction thereof in your next issue.

pany has been discussed off and on for several years. It is still the subject of serious consideration, especially in the light of some of the competition being met today.

Two New Possibilities for Ind. Commissioner

J. Russell Townsend, general agent of Equitable of Iowa at Indianapolis, and Harry Wells, former chief examiner of the Indiana department, are being mentioned by Indianapolis newspapers as the leading "contenders" for the job of commissioner.

Previous speculation had been that either Linn S. Kidd, Brazil, Ind., or Glenn J. May, Spencer, had "first refusal" of the \$8,000-a-year-post. Both are local agents and Mr. May is a former president of Indiana Assn. of Insurance Agents. Both, however, have announced that they are not interested. Neither Mr. Townsend, a former legislator, nor Mr. Wells has made any public commitment.

Thomas in Eastern Mo.

Edward G. Thomas has been appointed special agent in eastern Missouri by Automobile and Standard Fire. He will have headquarters in the Pierce building, St. Louis.

Two Named by Patriotic

Patriotic and Sun Underwriters have elected G. Leicester Parker as vice-president and have appointed Carl Schaefer as assistant secretary of both companies.

Mr. Parker is assistant United States manager of the Sun Office. Mr. Schaefer was formerly general superintendent of the companies at the executive offices in New York City.

Accountants' Dinner Dec. 12

Insurance Accountants Assn. will hold its annual dinner Dec. 12 at New York City.

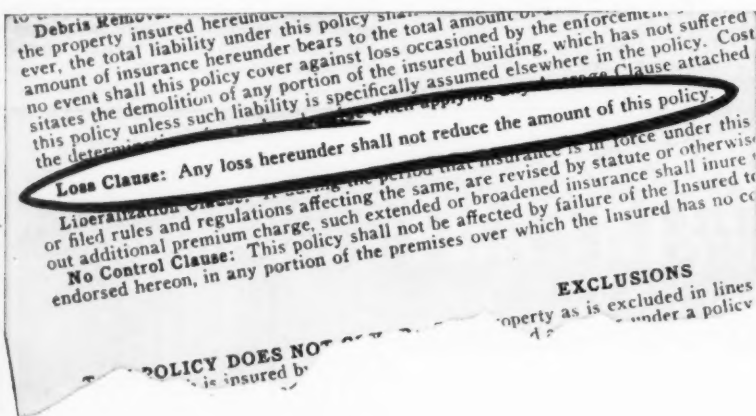
E. C. Losses Going Up around N. Y.

Extended coverage still accounts for the big increase in losses reported by New York board as assigned to the committee on losses and adjustments. For October the number increased 13.3% to 962 and the amount 100.3% to \$2,100,465. For the 10 months the increase in number was 59.4% and amount 44.9%. These figures, which are typical of the increases that have been shown in this exhibit from month to month, reflect the tremendous increase in distribution of E.C. that occurred after the Nov. 25, windstorm, which hit New York City and its environs hard.

Mutuals' Casualty Insurer

The news letter of Mutual Fire Insurance Assn. of New England comments that reports on the fact that the association was considering the organization of a casualty company in Massachusetts incorrectly indicated that this organization was an accomplished fact.

This is not the case, according to the letter. It notes that since multiple line became an accomplished fact by law, the subject of a casualty com-



IF THIS CLAUSE has been adopted for Fire policies in your state, Mr. Agent, then we think you will be interested in our new Unearned Commission policy—especially designed to insure your Fire, Windstorm and Sprinkler Leakage commissions.

In those states where use of the National's Unearned Commission policy has been approved, coverage is available on a blanket or scheduled account basis. It is especially important to agents writing large lines or accounts, as cancellation after a loss can mean substantial commission refunds.

Our fieldman will gladly acquaint you with full details on coverage and rates. Or, if you prefer, write to us for full information.



NATIONAL OF HARTFORD GROUP

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
MECHANICS AND TRADERS INSURANCE COMPANY
FRANKLIN NATIONAL INSURANCE COMPANY OF NEW YORK
TRANSCONTINENTAL INSURANCE COMPANY
UNITED NATIONAL INDEMNITY COMPANY

Western Department, Chicago
Pacific Department, San Francisco
Canadian Department, Montreal
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MAKE YOUR MARKET UNIVERSAL

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Mass. Society Chooses O'Gara as President

Francis J. O'Gara, John C. Paige & Co., Boston, has been elected president of Insurance Society of Massachusetts, succeeding to the office which has been vacant since the death of Fred J. Devereaux of Patterson, Wyde & Windeler. Re-elected as vice-presidents are Henry C. Valcour, Fairfield & Ellis, and John J. Loneragan, Kaler, Carney, Liffler & Co., both of Boston. Robert T. Rawley continues as secretary.

Dodge Heads Advisory Board of N.E. Agents

The New England advisory board of New England Assns. of Insurance Agents at its annual meeting at Boston elected Archibald M. Dodge, Portland, Me., chairman to succeed Leo R. Mongeau, Lowell, Mass. The organization is made up of the officers of the six state agent associations.

The new vice-chairman is G. Burgess Fisher, III, Hartford, who as such will be general chairman of the New England agents' Poland Spring convention in June. Edward S. Pike, Rutland, Vt., continues as secretary-treasurer.

Mr. Mongeau in his report referred to a great improvement in relations between the organizations representing fire companies and agents in New England during the past year.

A proposal that "the New England states should secede from Eastern Agents Conference" and petition N.A.I.A. for cognizance as a separate body was made by Carleton I. Fisher, Providence, a past advisory board chairman. Questioning the usefulness of Eastern Agents Conference, Mr. Fisher said the state associations were not asked if they wanted representation therein, and that there is no justification for regional conferences in the N.A.I.A. constitution.

Mr. Fisher's proposal went unseconded. In place of secession, Mr. Mongeau asked for a gathering "so we would know where we stand in New England."

S. C. Ruling on Term Renewal Shifts

COLUMBIA—The South Carolina department has ruled that one fire insurance company may not pick up renewals of another company under annual renewal plan contracts during the term of the renewal agreement—usually five years—without the consent of both companies and the producing agent. This question has come up frequently in many states in cases where a company withdraws from the state, wishes to discontinue a certain class of business or discontinues representation of an agency. Specific approval of the department is apparently not required in such cases, as long as the three parties agree.

The ruling also states that renewals must be handled through the producing agent unless he consents to another agent handling them. A third provision in the ruling is that cases may be submitted to the department for possible modification of these rules only where the rules restrict the sale of an agency or expirations.

Get Million Dollar Blow

The windstorm of gale velocity which struck Chicago and the rest of Illinois, as well as four nearby states, during Thanksgiving week was responsible for several thousand small claims, which are expected to exceed \$1 million.

Losses in Illinois, Indiana, Michigan, southern Wisconsin and Ohio averaged about \$20 per claim and were mostly for plate glass, shingles and television

aerials. The casualty companies report extensive plate glass loss but nothing of a catastrophic nature. In Joliet (Ill.) about half of the losses reported concerned damage or destruction of TV aerials.

Springfield Makes Three Changes in New England

Richard H. Johnson has been named by New England of the Springfield F. & M. group as casualty and bond special agent in Maine, replacing Arthur W. Rand, who will take over western Massachusetts and Vermont.

This will permit George T. O'Donnell, special agent, who has been serv-

ing the Mass.-Vermont territory, to devote more time to Connecticut and Rhode Island. Mr. Rand joined Springfield in 1940, after 18 years of insurance experience. After serving as superintendent in the casualty automobile underwriting department, he became a special agent in New England.

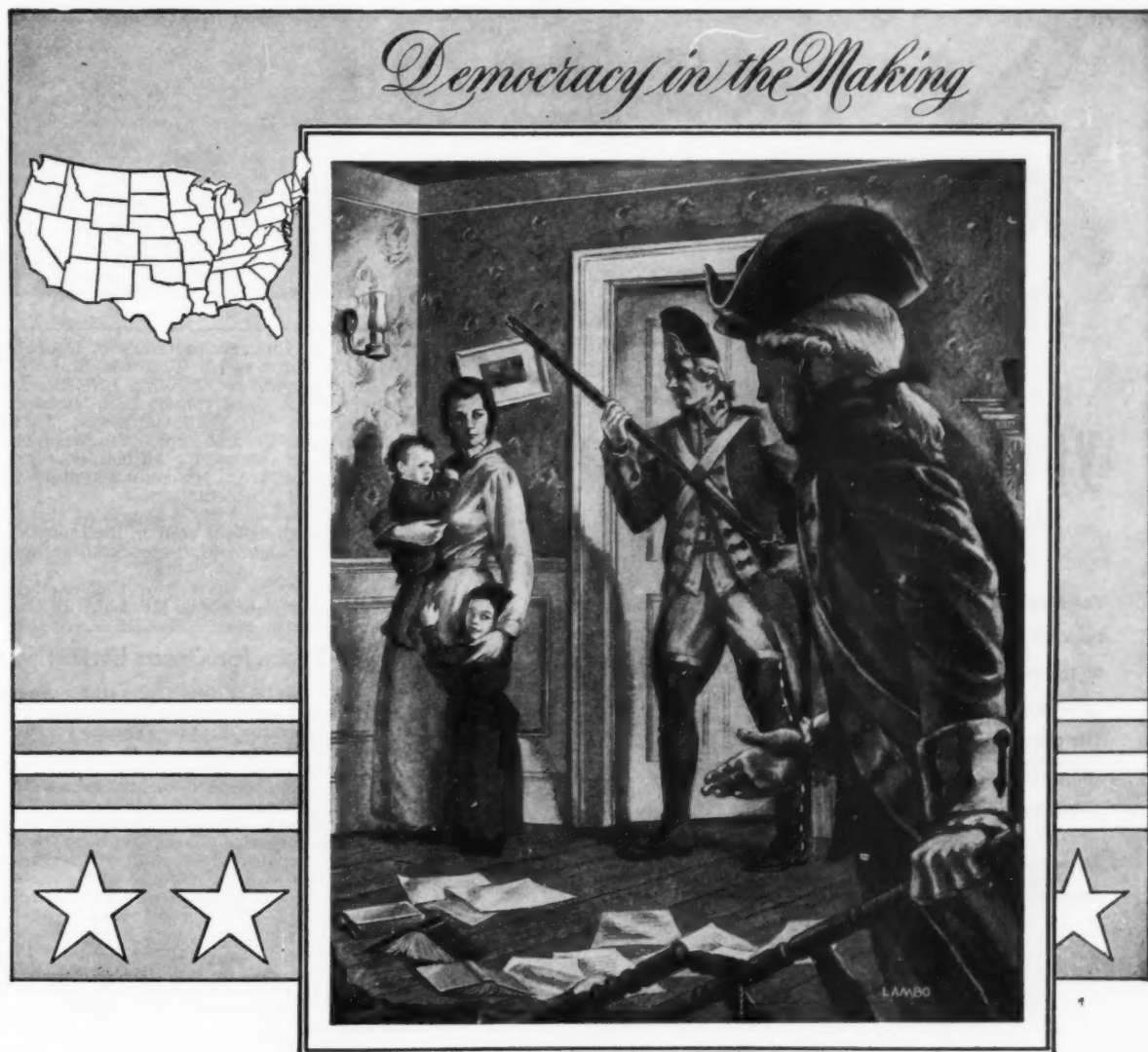
Mr. Johnson joined Springfield in 1947, and was graduated from the training school in 1951. He has served in the casualty and bond underwriting department at New York as well as at the head office.

The insurance general agency firm of Jacksonville Fla., known as Randall & Hebard has moved to the Richardson building at 33 South Hogan street.

Jaffe Opens New Offices

The new offices of Jaffe Agency, Inc., at 45 John street, New York City, were officially opened with a party and housewarming for brokers, company officials and other friends in the insurance fraternity. Bernard Jaffe, with his son, Alfred I. Jaffe; son-in-law, Milton J. Lyman, and entire staff, was host to a large crowd of well-wishers.

Harold M. Angell, vice-president of Appleton & Cox, Chicago, discussed "Marine Insurance" before Women's International Trade Club of Milwaukee.



IN 1761, the British Parliament passed the Writ of Assistance whereby it assumed the right to search the colonists' homes for contraband goods. Thereupon, James Otis, the Crown's representative in Boston, resigned his official position. His speech, often called the cornerstone of American liberty, defined the Writs as "the worst instrument of arbitrary power." He denied

Parliament the right to pass such a law and the king or a law court the right to enforce it.

Our sincere endeavor to adhere to the principles of democracy, which are exemplified in the American Agency System, has gained the respect and confidence of the agents of America. These are cherished assets.



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MANAGER

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UNITED STATES FIRE INSURANCE CO. Organized 1824	THE WESTERN ASSURANCE CO., U. S. Branch Incorporated 1851
THE NORTH RIVER INSURANCE CO. Organized 1822	THE BRITISH AMERICA ASSURANCE CO., U. S. Branch Incorporated 1833
WESTCHESTER FIRE INSURANCE CO. Organized 1837	SOUTHERN FIRE INSURANCE CO., Durham, N. C. Incorporated 1923

WESTERN DEPT. - CHICAGO, ILL.
PACIFIC DEPT. - SAN FRANCISCO
SOUTHERN DEPT. - ATLANTA
ALLEGHENY DEPT. - PITTSBURGH
VIRGINIA CAROLINAS DEPT. - DURHAM, N. C.



Plan Great Bend Puddle

Kansas Blue Goose members living at Great Bend gave a dinner there for E. McDermott, Home, Topeka, most loyal gander, and other officers of the Kansas pond, hoping to complete plans

for organization of a puddle at Great Bend. It was approved by the pond at its annual meeting last May.

The J. Bancroft Lawton agency of Tacoma, Wash., has been purchased by the Bassett agency of the same city and merged with it.

Van Schaack Buyers Parley at Denver Draws 125

Van Schaack & Co. of Denver sponsored an insurance buyers conference that attracted 125. There were six company representatives that gave presentations and then question and answer periods were interspersed. C. W. Schoelzel, Jr., vice-president of V. S. & Co., was moderator.

In the picture, Mr. Schoelzel, standing, is at left; then, standing are: H. C. Van Schaack, Sr.; F. C. Ayres, vice-president of U. S. F. & G.; Urban M.



yesterday and today...

Years ago we insured goods in transit by conveyances of that period. Now we do the same for the World Trade of Today by all present modes of transportation. The era of jet planes has arrived, and we will furnish all transportation insurance needs of the future.

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**The NEW ZEALAND
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United States Head Office
Since 1875
San Francisco

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FIRE • MARINE • CASUALTY • AUTOMOBILE

Lelli of Chicago, secretary of Phoenix of Hartford, and H. T. Himes, St. Louis, field supervisor of Aetna Life. Seated are H. B. Montgomery, Jr., assistant secretary of North America; J. F. Bohner, Chicago metropolitan supervisor of Western Adjustment and Henry Mildrum, assistant secretary of Hartford Accident.

Van Schaack & Co. was host at coffee and doughnut hour in the morning, at a luncheon and at a cocktail gathering.

Mr. Ayres spoke on the employee dishonesty problem. Mr. Lelli took up

transportation insurance and accounts receivable coverage. Mr. Himes discussed employee welfare plans stressing the need of adequate rates at the outset so that the insured might avoid sharp rate increases as adverse experience develops. Mr. Montgomery discussed broad form money and securities protection, and Mr. Bohner talked on business interruption losses, projecting examples on a screen. Mr. Mildrum dwelt on the advantages of the comprehensive liability policy and emphasized the value of a comprehensive survey properly completed.

No Tears for Oscar Ewing

While Mrs. Oveta Culp Hobby, who has been selected for federal security administrator in the Eisenhower administration, may have had little chance to absorb much technical information in regard to the problems which will confront her in that post, her newspaper experience should have given her more or less familiarity with the general situation, and it is felt that she will at least have no predilections in favor of the policies so aggressively promoted by her predecessor.

She is taking on very heavy responsibilities, in undoubtedly the most important post in the government ever held by a woman outside of the cabinet.

One thing is very certain—that there will be no grief among insurance men over the passing from the scene of Oscar R. Ewing, who is now on a world tour at taxpayer expense. While there may be bills introduced in Congress smacking very strongly of the "welfare state" ideas which Ewing has advocated, they are not likely to have administration support and should find tough going in the new Congress. There is quite likely to be some further liberalization of the social security law along certain lines but it is highly unlikely that there will be any inclusion of comprehensive disability coverages or similar features that have been so strongly opposed by the medical profession as well as insurance people.

Dawson Agency Remodels

FARGO—The Dawson Insurance Agency here has remodeled its quarters, featuring a western theme, and sent its customers an attractive booklet with pictures of the office and the staff in action. The mailing included a color post card with a view of the main part

of the office. The office, in keeping with the theme, is decorated with seven translite pictures of North Dakota rodeo scenes and reproductions of a number of Russell, Remington and Leigh western scenes.

Charles A. Dawson, head of the firm, is mayor of Fargo and has been active in agents association work for many years, being a former member of National Assn. of Insurance Agents executive committee and presently state national director for North Dakota. His sons, Robert C. and James R., have been with the agency since before the war, in which both served.

Wolverine has presented Fort Wayne (Ind.) Assn. of Insurance Agents a trophy for its safety program in the Fort Wayne schools.

VICE PRESIDENT

A progressive midwestern company has a vacancy for an executive Vice President to head their casualty operation. This man must have a proven record in management. He will be given complete responsibility and authority for this operation. Excellent salary.

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Valuable Papers, Receivables Covers Are Explored

A description of valuable papers and accounts receivable policies and sales possibilities of these coverages was given at the November meeting of Insurance Forum of San Francisco. Robert C. Gloss, Phoenix of Hartford, and Albert C. Wrenn, St. Paul F. & M., gave the explanations.

Mr. Gloss pointed out that Inland Marine Insurance Bureau has taken jurisdiction over both valuable papers and accounts receivable insurance. A committee of I.M.I.B. and National Bureau of Casualty Underwriters is working to standardize the forms and filings.

Commenting on the marine handling of accounts receivable insurance, he said the coverage is not credit insurance as is often thought, rather it is insurance against loss arising out of the destruction of accounts receivable records and the resultant inability of the insured to collect. The inland marine form provides four insuring agreements:

Loss sustained by the insured because of inability to collect as a result of destruction of records;

Interest charges on borrowings to make up for loss of receivables;

Extra expense for reestablishing records; and

Extra collection expense.

It is becoming more frequent for banks to insist or request that accounts receivable coverage be carried when receivables are placed as security for bank loans, he said. It has been determined that businesses suffering loss of records rarely collect more than 60% of outstanding receivables.

Accounts receivable rates are based on the fire contents rate with adjustments for the type of fireproof container used to store their records, Mr. Gloss said. Monthly reports of outstanding receivables are submitted to the insurer.

The policy has few exclusions—war risk and loss due to dishonesty or fraud on the part of officers or partners. The other standard provisions are comparable to fire and marine policies. Coverage applies to the locations specified, but permits removal in the face of imminent danger, and he said this provision was particularly important in the recent Bakersfield earthquake catastrophe.

Mr. Wrenn analyzed the forms from the casualty point of view, stating that the coverage is essentially the same when written by casualty companies with both all risk and named peril forms available. Emphasis is placed on the catastrophe consideration and coverage is provided for inability to collect and normally not for the other coverages found in the marine form. The casualty policies cover the transit exposure and the records when they are conveyed outside the premises. This is specially important, he noted, for small businesses using outside accounting services.

As the forms come under the burglary reinsurance treaty there is usually a greater capacity in the casualty market than in the marine, and consequently the largest lines that have been written for these coverages are found in the casualty field, he said.

The valuable papers form is coming

to be known as a records destruction policy, and this terminology tends to clarify the intent of the form.

The production possibilities of records destruction insurance are "extremely good," Mr. Wrenn declared. Agents can get a large number of leads just by perusing the classified section of the telephone book. Good prospects include title companies, accounting firms, architects and engineers, museums, libraries. Many businesses cannot oper-

ate without various required records and if these are destroyed the business may be unable to open again unless the records are reproduced.

Some of the more typical objections raised by a prospect can usually be taken care of by an agent who understands the form and the handling of the coverage. A fireproof safe in many situations is very inadequate protection, partly because present day paper manufacturers do not produce a prod-

uct that will withstand heat. Even though the paper is not burned in a fireproof container it will disintegrate after the application of intense heat.

Passe Luncheon Monday

Passe Club International, which is composed of former insurance commissioners of the U.S. and Canada, is having its annual luncheon at the Hotel Commodore Monday during the N.A.I.C. convention.

He explained BUSINESS INTERRUPTION INSURANCE

... and they wanted it!

"Shooting
Ducks
In a
Barrel"



Hartford fieldman proves cold canvass a
sound method of selling "B. I." insurance
small and medium-sized businesses.

ONE DAY LAST
year a personal friend of mine who
operates his own business of general
merchandise had a bad fire. The
building was insured and so were
the contents.

But he had no Business Inter-
ruption insurance, although I had
tried to sell it to him. My friend had
four employees. He could not con-
tinue to pay their salaries. These
employees were "bread winners"
in their families, and they had to
look for other work. Because they
were desperate, two accepted work
not exactly to their liking, and
two moved to another town. Finan-
cially, it was nip and tuck for my
friend as he had only enough in-
surance partly to replace his build-
ing and contents.

Even with his insurance
money, he had to fi-
nance part of his new
building himself as the
old one was not worth
what the new one cost. He needed
his contents insurance to re-stock.
His profits and income to pay
his helpers and other expenses
were not insured.

"Why didn't I try harder to sell
him?" I asked myself. Maybe it
was because he was a friend. But
as a friend, I had failed.

Another merchant had a fire.
I hardly knew him, but when I
solicited him for Business Inter-
ruption Insurance, I sold him.
Because of this insurance, he suf-
fered very little financially. Now
I have two good friends. However,
my first friend still wishes that I
had been more forceful in my
attempt to sell him Business In-
terruption Insurance. He is again
back in business, but minus his
experienced employees. This time
he has Business Interruption In-
surance, even though he feels that
his new brick building with its
modern heating plant, wiring, ex-
tinguishers, etc. is pretty "fire-
proof." He is doing nicely, but
it will take him some time to get
back to normal and make up for
what he lost. He has loans on his
life insurance policies; he owes
the bank; and his savings are
down from what they should be.

I Learned My Lesson

After these experiences I made
up my mind that every one I could
talk to would be informed and
properly sold if possible.

In January of this year, having
had only moderate success in my
campaign, I made a call at Rolla,
North Dakota (population 1,008).

POPULATION 1008

POPULATION 1282

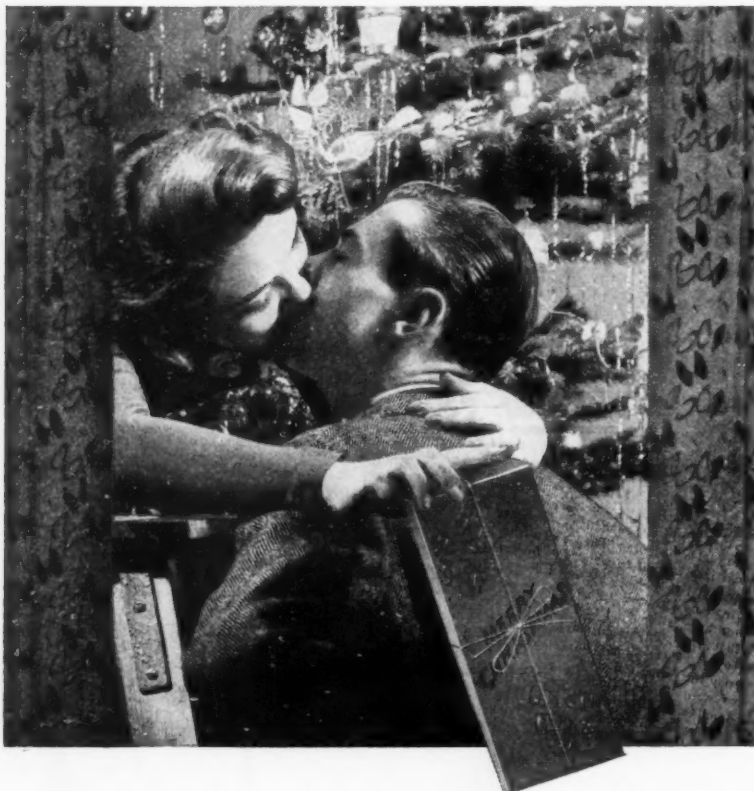
POPULATION 1404

In NORTH DAKOTA, the Hartford's Special Agent found that small town business men, like their city brothers, are good prospects for Business Interruption Insurance. What he learned about selling this coverage and the amazing results will be of interest to every producer! Send for your free copy of this story as it appears in the HARTFORD AGENT.

HARTFORD FIRE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
Hartford 15, Connecticut



*Life has no flavor
without sentiment...*



*...and no security
without
proper INSURANCE*

Homes, jewels, furs, furniture, hobby equipment and personal possessions all have sentimental value. Are you giving them the proper insurance value?

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Rate Reductions May Put Damper on Form Experiments

Reduction of fire rates in California has produced speculation as to the effect this may have on experimentation there with broader covers and package policies at a discount. California has been a favorite territory for such experiments because under the rating law insurers do not need to prove their case before they try a form. However, fire rate reductions in other jurisdictions could also have the effect of slowing down development of this kind of experiment, it is said.

The new broad dwelling form of Pacific Board is regarded as a means of enabling agents, and companies, to offset the cut in premium volume represented by the rate decrease with a broader cover.

With the reduction there will not be the same elbow room in which to broaden covers or offer discounts on package policies.

Less Serious Conflagrations but Potentialities Remain

LOS ANGELES—John A. Neale, chief engineer of National Board, speaking at a meeting of American Municipal Assn., said that the number of serious city conflagrations is decreasing but that in many cities the potentialities still remain.

Studies made by National Board, he said, show that inferior building construction has been a major factor in conflagrations.

To encourage better construction, National Board in 1905 promulgated the "model building code" - the first of all such codes. This model has been revised frequently and has had a profound effect, he said, in the encouragement of safe construction nation-wide and has been adopted by over 500 cities - both large and small - throughout the nation.

Mr. Neale pointed out that the code is conservative, especially in matters that bear on conflagration hazards, such as areas of buildings of inferior construction, fire walls, parapets and fire protection of exterior walls.

"In our minds," he said, "the matter of structural protection against spread of fire is most important. In disasters, when the fire fighting forces are handicapped or neutralized, it is the last ditch stand, the hope that the fire will burn itself out against a fire wall instead of going on and on."

Mr. Neale noted also that while fortunately the number of serious city conflagrations seems to be decreasing, "many of our cities still have the potentialities and it only needs something unusual or something to go wrong at the wrong time to produce one."

Mr. Neale also spoke on other public services of National Board, telling how it operates in an educational, factual and engineering capacity in the public interest.

Get Views on War Risk

WASHINGTON—Members of the marine insurance industry and shipbuilders have been asked by the maritime administration insurance division for comments upon its plans for a government war risk program covering ships under construction. The maritime administrator has asked Secretary of Commerce Sawyer for authority to proceed with the proposed program.

Pittsburgh Buyers Hear F. I. A. Man
George Stephens, executive special

agent at Pittsburgh for Factory Insurance Assn., gave a talk Tuesday at the luncheon meeting of Insurance Buyers of Pittsburgh. The Christmas party is going to be Dec. 15.

National Advertising of Insurers for December

Following is the national advertising which fire and casualty companies have scheduled for December issues of the publications listed. Where no date is indicated the publication is a monthly magazine.

Aetna Casualty—American Banker, Dec. 15; Banker's Monthly; Banking; Burroughs Clearing House; Constructor; Contractors & Engineers Monthly; Engineering News Record, Dec. 18; Journal of Accountancy; Wall Street Journal, Dec. 4; Western Construction. American Credit Indemnity—Business Week, Dec. 6; Burroughs; Controller, Credit & Financial Management; Daily News Record, Dec. 2, 9, 16, 23, 30; Fortune; Journal of Accountancy; U. S. News, Dec. 12.

American Mutual Liability—Business Week, Dec. 6; Newsweek, Dec. 22. Great American group—Saturday Evening Post, Dec. 6.

Hartford Accident—Better Homes & Gardens; Business Week, Dec. 6; Construction Methods; Engineering News Record, Dec. 18; Nation's Business; Pathfinder, Dec. 3; Saturday Evening Post, Dec. 6.

Hartford Fire—American Bar Assn. Journal; Burroughs; Credit & Financial Management; Nation's Business; Pathfinder, Dec. 3; Time, Dec. 22.

National Board—American Press; Collier's, Dec. 20; Editor & Publisher, Dec. 6; Farm Journal; Look, Dec. 16; National Publisher; Publisher's Auxiliary, Dec. 6; Saturday Evening Post, Dec. 13; This Week, Dec. 14.

North America—Better Homes & Gardens; Burroughs; Engineering News Record, Dec. 4; Exporter's Digest & International Trade; Export Trade & Shipper, Dec. 8; Motor Boating; Pathfinder, Dec. 3.

Phoenix of Connecticut group—Pathfinder, Dec. 3.

State Farm Mutual Automobile—Collier's, Dec. 6; Pathfinder, Dec. 3; Progressive Farmer; Successful Farmer.

Colo. Agents Turn Out 100 Strong at Grand Junction

More than 100 members, officers, directors and guests attended an "Insurance Day" regional meeting of Colorado Insurers Assn. at Grand Junction. The group adopted a resolution urging local boards to work with public agencies to promote "intense highway safety program," including high school driver education and adult refresher training.

Included on the program were talks by Robert Harmon, Mountain States Inspection Bureau, on changes in rules and rates; Thomas Brooks, Grand Junction manager of General Adjustment Bureau; Ralph Timmermans, Wilcox general agency, Denver; G. E. Simonton of Interstate agency, Denver, on farm coverages; Owen West, American Surety, Denver, and Leonard Stebbins, who explained the home owners policy.

Attention Real Estate & Ins. Executives: Buy your advertising calendars, Specialties, Office supplies, Goodwill gifts, Holiday merchandise, Labels & Signs from us and save money. Open acct. to rated co's. Our products are known the world over & fully guaranteed. Reference: 1st Natl. Bank, No. 4th St. Branch, Chamber of Commerce.

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Fiduciary Rule Issue Involves Cal. General Agents

Edward Brown & Sons, the prominent Pacific Coast general agency, apparently is being made a guinea pig in an attempt to make practical application of the California fiduciary regulation governing the handling of company funds. This, until last year applied only to local agents, but then the rule was extended to cover general agents. The department has had examiners in the offices of general agents for some time and there was much controversy in the Edward Brown & Sons' office on bookkeeping matters with these examiners. Now Commissioner Maloney has charged Edward Brown & Sons with "misappropriating" company funds and the Brown general agency has employed Maynard Garrison, former California commissioner, as its legal representative. Very shortly the Brown firm will present data denying the accusations and then there will be a hearing date set.

The Hearst newspapers got onto what was up and headlined the matter for a couple of days. A. M. Brown, Jr., president of the general agency, is a former supervisor of San Francisco county, former director of Golden Gate Bridge district, and at one time was a candidate for mayor of San Francisco, and is a former president of Better Business Bureau.

The firm emphatically denies that it "misappropriated" \$500,000. Mr. Brown said that as a business practice, some funds were used for loss expenses, adjusters' fees, allowable field development cost, etc., and that the premium liability of Edward Brown & Sons to the companies is liquid and all obligations paid. He estimated that the amount in dispute is closer to \$150,000 and said he offered to put up an additional \$200,000, but the commissioner insists that any deposit must be cash and that he will not accept securities as "fiduciary" funds.

Unlicensed Minn. Mutual, Writing I.G.A. Stores, Michigan Agents' Target

LANSING, MICH. — Complaint has been filed with Commissioner Navarre by Michigan Assn. of Insurance Agents relative to alleged violations of the Michigan code in connection with placing of insurance on grocery properties in this state through unauthorized facilities.

The Michigan association has sought to block a London Lloyds coverage plan promoted by Michigan Dry Cleaners Assn. and an attorney general's opinion is on the legal status of that program is still awaited.

The newest target is a Minnesota-domiciled carrier, American Merchants Mutual of Minneapolis, which, it is claimed, has been seeking business of the so-called "I.G.A. (Independent Grocers)" retailing organizations.

According to a bulletin to association members, solicitation "is apparently conducted by 'auditors' of the Independent Grocers Assn. traveling out of Chicago." The policy, it is noted, is placed with the Minneapolis carrier which "is not licensed in Michigan nor is any attempt being made to obtain a license."

It is further explained that an "organization known as 'I-G-A Mutual Underwriters' is apparently acting as agent or as a division of the company itself" which, "in any event, is an unlicensed entity."

Examination of the contract form being used in Michigan reveals, the bulletin states, five major "inconsistencies."

They are listed as follows: "(a) Policy does not conform to that prescribed by the Michigan insurance code. (b) No agent countersigns the policy as required by Michigan statutes. (c) Co-insurance clause is a part of the policy but no signed request of the insured is obtained as required by the Michigan code. (d) Company is using form 18 and Inspection Bureau rates but is not a member of that organization. (e) Company attaches an 'electric motor

protection clause' which is misleading and ambiguous."

It is stated that the policy is written on a five-year installment basis but with only "an oral agreement that a credit of 30% is applicable following the first year." It is noted that the policy "does not even contain a dividend clause".

Waldo O. Hildebrand, secretary-manager of the Michigan association, indicated that Commissioner Navarre

would ask assistance of the attorney general in this case "if necessary". The association also is in correspondence, he said, with Commissioner Nelson of Minnesota "in an effort to stop this once and for all".

Michigan agents are being urged to report any instances of solicitation of risks in their area under this plan.

Robert K. Nelson, Kansas state agent of the Boston, has moved his headquarters from Kansas City to Topeka.



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Gas Pipe Lines Safe as to Marine Covers

NEW YORK—Modern pipe line companies, especially established for transmitting natural gas over long distances, have achieved a record of practically 100% continuity of service and have reduced to a minimum the possibility of breakdowns, Stanley Owens, director of safety of Transcontinental Gas Pipe Line Corp., told 125 members and

special guests of the New York Mariners Club.

With the advent of piping of natural gas into urban areas, there has been some concern by residents over its relative safety, he said. To dispel any misconception, he traced the safety features that go into modern lines, from the fabrication of special alloy steel pipe through the construction and on to the kind of maintenance during actual operation.

The 2,330 mile system of his own company, which supplies New York

City, has not met from the beginning of operations two years ago with a single accident involving injuries to the public or damage to public property.

The extent to which today's modern pipe lines are engineered and operated for safety should continue to make them profitable for inland marine and marine underwriters, he said. Any properly designed, well constructed and well managed large diameter natural gas pipe line system is a safe one to operate. While he was safety and insurance manager of another large gas transmission line, he said it experienced through five years a loss ratio of zero on extensive combined inland marine and marine coverages. There have been no marine losses or claims in Transcontinental in connection with operations.

Benjamin, Loman Slated for Cleveland Luncheon

Arthur L. Benjamin, insurance director of Cincinnati Gas & Electric Co., will address an all-industry luncheon at Cleveland, Dec. 9. The meeting, sponsored by local insurance organizations, will also be addressed by Dean Harry J. Loman of the American Institute who will describe research activities of C. P. C. U.

Robert O. Young, manager of North America, and president of Ohio C. P. C. U., will be in charge of arrangements.

Stock Sales Proceeding

Cleo H. Bullard, president of Life Ins. Corp. of America, Salt Lake City, announces that its campaign for stocking the company is going forward satisfactorily. This company writes life and accident and health insurance and is capitalizing for \$200,000 and \$200,000 surplus. Stock has a par value of \$10. and is being sold two for one. Mr. Bullard announces that after the completion of the life stock sales program, the company is considering the organization of a stock fire company to be known as Fire Insurance Corp. of America and also a casualty company to be known as Casualty Insurance Corp. of America. These names are being reserved with the insurance department for future plans.

Warns on Non-Can Ads

Commissioner Nelson of Minnesota has notified A. & H. writing companies that he will withdraw approval of their policy forms if in brochures, letters or other advertising material they describe coverage as "non-cancellable", "not cancellable," or "guaranteed renewable" if this is not actually the case. He notes that in group insurance the fact that individual coverage cannot be cancelled by the company does not make the policies non-cancellable or guaranteed renewable because the insurer can cancel the entire group.

Neb. FR Law Wins Test

LINCOLN—The 1947 Nebraska motor vehicle financial responsibility act passed its first state supreme court test of constitutionality. The act had been attacked by Keith Hadden of Lincoln, whose driver's license had been suspended. The court held that the law is an exercise of the state's policy power to protect the public on the highways against the operation of motor vehicles by financially irresponsible persons.

"A license to operate an automobile," the court said "is not property but a mere privilege, the suspension of which does not deprive the licensee of his property without due process of law."

R. L. Taylor Named Tenn. Commissioner

NASHVILLE—Gov. Browning has appointed Robert L. Taylor, Memphis attorney, as insurance commissioner to fill out the unexpired term (approximately one month) of M. O. Allen, who died last Friday. Mr. Taylor will take over Dec. 8. He has had no insurance experience, but is widely known as a prosecutor.

Fireman's Fund Expands Its Tex. Marine Unit

Fireman's Fund has opened a wet marine service office in Houston to name rates and issue policies, as well as service the handling and payment of losses on all ocean marine business in Texas.

Edward L. Caulfield has been named special agent to supervise wet marine operations.

Mr. Caulfield is a graduate of Massachusetts Maritime Academy. He has been with Fireman's Fund for several years, having served as underwriter, handling ocean hull and cargo business, as well as in production. His most recent assignment was that of special agent in Boston.

1952 Gold Medal Awards

National Board has invited press, radio and television to participate in its 1952 gold medal awards. This is the first time the awards have been made in the TV field.

Exhibits must be made in scrapbook form and submitted for judging not later than Feb. 16. They should demonstrate 1952 fire safety and fire prevention activities - performance, effectiveness and worth in the community.

Choose Flint President

Newport County (R. I.) Assn. of Insurance Agents at its annual meeting elected Raymond H. Flint president.

Other officers are Frank L. Nunes, vice-president; Mrs. Sadie Jacobsen, secretary, and Fred C. Clarke, treasurer.

The catastrophe loss plan of Rhode Island Fieldmen's Assn. was discussed by Timothy E. Hopkins, Phoenix-Connecticut, and Richard Walthers, National Fire.

New Conference Members

Wabash Life of Indianapolis and Alliance Nationale of Montreal have joined Health & Accident Underwriters Conference, bringing membership to 186 companies.

Cravens, Dargan Adds Land

Cravens, Dargan & Co., insurance managers of Houston, has purchased an additional 30,000 feet of land adjoining their home office site at 1903 Hermann drive. The home office location now includes 4½ acres.

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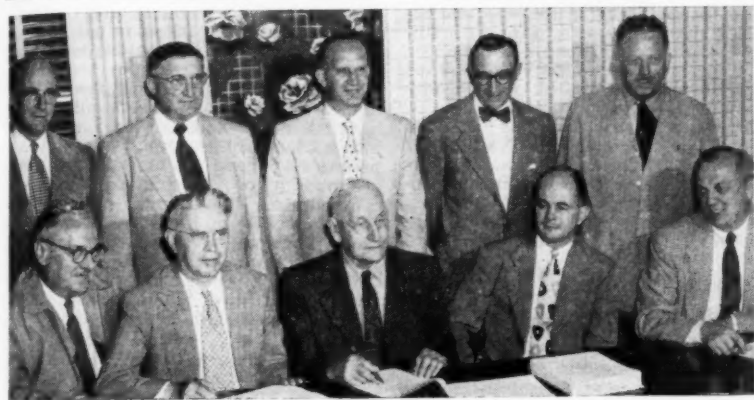
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9 Wis. Mutuals Form Pool for Large Lines

An underwriting organization to write non-assessable policies on a 15% de-rated rate basis on large select lines has been formed in Wisconsin by nine domestic mutual companies, they being Badger, Campbellsport, Cream City, Herman, Integrity, Kewaskum, Manitowoc, Sheboygan Falls and West Bend. Average age of these companies is 57. The office is at Kewaskum where Theo. R. Schmidt, secretary of Kewaskum Mutual, will serve as secretary and manager. The organization is known as Qualified Risk Mutuals.



Q. R. M. will operate in Wisconsin only at present. It is designed to handle lines larger than those assumed normally by the individual member companies. The intention is to give authorizations only for risks having a value in excess of \$75,000.

The picture shows company officials signing articles of agreement. Seated, from the left are: Herbert W. Roehr, Cream City; Julius C. Schulz, Herman Mutual; Joseph P. Staehle, Manitowoc; Robert S. Barber, West Bend, chairman of executive committee of Q.R.M. and Gary H. Kamper, Badger, vice-chairman Q.R.M. executive committee. Standing: Franklin C. Jesse, Integrity; L. W. Schlieder, Sheboygan Falls; Charles H. Van de Zande, Campbellsport; Theo. R. Schmidt, Kewaskum, and Junias H. Pleuss, Manitowoc.

Q.R.M. facilities are offered only to those who have been licensed as agents of a member company at least six months before the effective date of the insurance contract being placed. In event of competition between agents, Q.R.M. will leave the choice of agent to the insured. Direct business and only from the agent's immediate locality is wanted. The commission to the agent is 20%.

To Trim Conn. Agents Meet to One Day; Select Oct. 20

The 1953 annual meeting of Connecticut Assn. of Insurance Agents will be a one-day event only. It is scheduled for Oct. 20 at the Hotel Bond, Hartford.

A canvass of agents indicated the shorter meeting was preferred to the multiple-day conventions held in the past.

There will be three regional meetings during 1953, tentatively set for late in March or early in April.

Whaley Succeeds Ryan

John Q. Ryan, special agent of New Hampshire Fire at Salt Lake City, has resigned to enter local agency work at Elko, Nev. He has purchased a half interest in the Pete Walters agency there.

J. Keith Whaley succeeds Mr. Ryan at Salt Lake City, supervising Utah, southern Idaho and eastern Nevada. He has been with Idaho Surveying & Rating Bureau since graduation from University of Idaho in 1948, for the past 3½ years as surveyor with headquarters at Boise.

Allstate to Move to Country

Allstate will move its New York regional office from New York City to Harrison in Westchester county, N. Y., from offices at 71 West 23rd street. It has 330 employees. A new two story,

fire proof structure will be built on eight acres, aimed for completion by January, 1954. The office serves New York City, Long Island and Westchester, Ulster, Sullivan, Rockland, Orange, Putnam and Dutchess Counties.

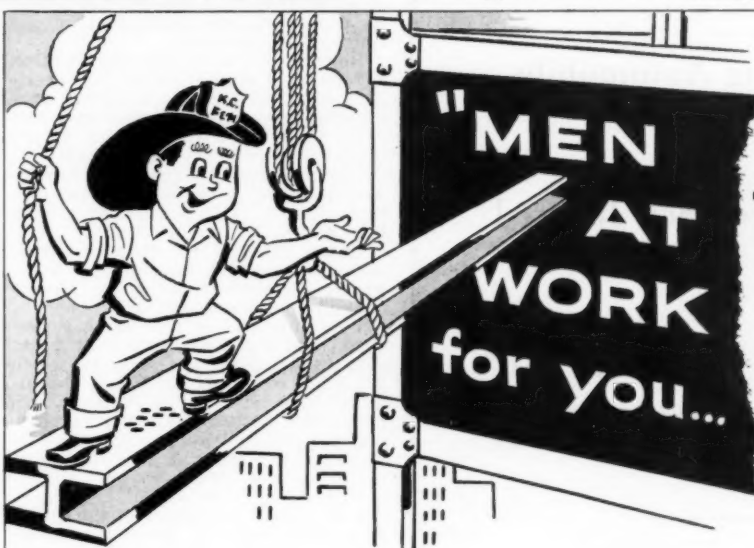
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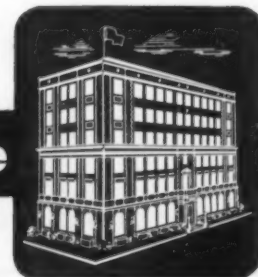
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Cage Reinsures Two Murchison Companies in Texas

The outstanding policies of Insurors Corp. and Mid-Continent Ins. Co. of Dallas have now been reinsured by Ins. Co. of Texas, which is the Jack Cage-labor union Company. Kenneth Murchison, president of the two companies being reinsured, said they will retire from the agency business, but their corporate existence will be maintained and they will continue to write crop-hail, drilling rig and other special lines on a non-agency basis.

Ins. Co. of Texas will take over the

agency plant of the Murchison companies by Jan. 31. Until that date agents of those two companies are being permitted to continue issuing policies. Insurors Corp. at Dec. 31, 1951 had assets \$1,962,396, capital \$250,000 and net surplus \$664,703. It was formed to convert Texas United Lloyds of Dallas to a stock basis and this took place Jan. 1, 1951. Premiums written in 1951 were \$977,591.

Mid-Continent had assets of \$469,660, capital \$200,000 and net surplus \$230,152. It was formed in 1949 and the stock was held by Insurors Corp. and Texas Petroleum & Investment Corp. About half its business was in crop-hail insurance. Net premiums written were \$174,000.

National Group Makes Ind. and Minn. Changes

Donald H. Frische has been appointed state agent for National Fire in northern Indiana to succeed T. A. Marow, who recently entered the local agency business at DesPlaines, Ill. Since 1951, Mr. Frische has been special agent with headquarters at Springfield, Ill. He is a graduate of Illinois Institute of Technology and after serving in the army went with Illinois Inspection Bureau. He has been with National since 1950. Mr. Frische's headquarters will be at the western department office at Chicago.

Gerald A. Sauvageau has been appointed special agent for National in Minnesota. He attended North Dakota state college and then was in the casualty field. Later he was in the local agency business in Minnesota. His headquarters are at Minneapolis.

Making Plans for Midwest Territorial Conference

Plans are being lined up for the annual meeting of the Midwest Territorial Conference at Sheraton-Cadillac Hotel, Detroit, Feb. 22-24. Michigan Assn. of Insurance Agents will forego its usual midyear convention on account of this meeting.

Howard W. Huttenlocher, Pontiac, a former Michigan association president who heads the territorial conference as chairman, announced that "The Buyer's Viewpoint" will be the theme. The program will include discussions directed by insurance buyers. Among other projected program features are a metropolitan and large lines and multiple location risks panel; a group of C.P.C.U. designees from several states reviewing the automobile situation in all of its phases, including underwriting, rates, agents' commissions and service, state supervision and state insurance as it might affect the public; a session in which the rural and small lines agents' committee of the National association will participate, stressing farm underwriting and rating procedure; a special "ladies' day" program will stress entertainment of visiting wives.

J. W. Braisie, manager of the insurance department of Remington Rand, is in Orange Memorial hospital, Orange, N. J., where he expects to undergo a major operation.

Baltimore and Maryland Leaders Shown Signing Pact

At the recent annual meeting of Maryland Assn. of Insurance Agents there was signed a coextensive agreement between that organization and Assn. of Insurance Underwriters of Baltimore City, and the picture shows the officers of the two associations whose signatures were affixed. Standing left to right are E. Churchill Murray, who was the first president of Maryland Assn. of Insurance Agents; E. Stuart Windsor, chairman of the state group, and Robert J. Thome, chairman of the executive committee of Baltimore board. Seated are: Morris B. Bassford, Maryland president, and Frank A. Doyle, Baltimore president.

Baltimore association undertakes to pay the state group an annual service fee of \$3,000 and permits the state group to make joint use of the Baltimore office facilities. The state association makes available its full-time manager to serve as secretary of the Baltimore board, contributes \$300 a year to the office rent, \$700 to the compensation of a stenographer. The manager is under the full control of the Maryland association except in reference to what he does for the Baltimore board. The Baltimore board is to pay dues to the state association on a lump sum basis, the amount to be determined by the directors of the state association. The dues shall be graded according to premium volume and the Baltimore board undertakes to poll its members on their premium volume.

Alfred M. Rawley has been named an assistant secretary of General Reinsurance and Harry Hart an assistant secretary of North Star.

What Plastics Mean to Fire Underwriter

M. M. Braidech of National Board in a recent paper discussed plastics and their manufacture. Fire underwriters were much interested since many of them have formidable sounding names that suggest unknown hazards.

Risks of this classification contain such names as phenolics, vinyls, styrenes, melamines, alkyds, polyesters, acrylates, polyethylenes, polyamides, acetates and butyrates.

Mr. Braidech pointed out plastics refers to any substance that is pliable or impressionable and can be fabricated into various shapes under mechanical pressure or shear. Commercial plastics are made up of a combination of several compounded ingredients, the resins constitute half of the actual formulation. The other components include such reinforcing or bulking agents as wood flour, asbestos, mineral powders, and chopped fibres such as cotton, sisal, hemp, fibre-glass or even paper.

Plastics can burn, though most forms do not support combustion or propagate flame. They will, however, deteriorate or undergo flameless decomposition at high temperatures. Where sufficiently high heat or open flame are encountered some of these materials decompose and eventually become carbonized and result in a fire. As to susceptibility to ignition and degree of combustibility, the fire hazard for most of these materials in a molder form is about the same as that of many common goods.

Except for cellulose nitrate, modern plastics do not have sufficiently low ignition temperature to constitute an ignition hazard under ordinary conditions. Some of the apprehension in underwriting appears to result from the belief that a number of hazardous properties of the raw materials are carried over into the finished product. This is not justified by the facts. The compounded resins are entirely new chemical compounds and do not exhibit the properties of their original starting chemicals.

However, conditions in the individual risk govern the underwriting. Where excessive dust is allowed to accumulate, there is an explosion hazard because under certain unsatisfactory conditions the least combustible dust material, even plastics, can be exploded.

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Sales Appeal of All-Risk Hides Many Deficiencies

(CONTINUED FROM PAGE 2)

quality of the contents will not likely equal the quality of the label."

There is another question of even more serious importance, he said. The all risk dwelling policies have been issued under section 2070 of the California law and until now, have been written by companies whose motives should not be questioned. The policies they have issued undoubtedly carry an intent not expressed in the policies. That, in itself, is not a desirable situation, but it cannot be overlooked that what can be done by those of good intent can also be done by those of quite different intent.

"It is a fantastic situation when all risk dwelling policies are drafted for use in California by companies thoroughly familiar with the history of insurance in California, and yet those policies exclude coverage for fire following earthquake. It is even more fantastic that this could be done unintentionally by those companies, and without them even being aware they had done it. And that it should escape the notice of supervising authority, alert producers, their organizations and a majority of competing companies doing business in the state is strong tribute to the elusive quality of all risk exclusions. The same thing that was done by those companies in the interest of offering broadened coverage could be done as well by others whose eyes were more on the possibility of a fast dollar. We are fortunate this has not happened, but it, nevertheless, could have happened—and it still could happen. It does not necessarily follow that this law should be repealed, but it is obvious that serious consideration should be given that course unless it is found possible to establish adequate safeguards. What has happened makes one wonder if adequate safeguards are possible."

There are some classes of property in which an all risk policy is entirely suitable, and gives much the better overall protection. The personal property floater is an example, but even with that form, policyholders occasionally are surprised and dismayed to learn, after a loss by fire, that the standard fire dwelling form, in some circumstances, would have afforded greater protection. There is no limitation in the standard dwelling form, such as in the personal property floater, of \$250 on unscheduled jewelry, watches and furs.

Despite such limitations, the personal property floater is nevertheless, the finest protection available for the class of property for which it is designed, but that it only because this is a floating class of property, which also is highly susceptible to theft, mysterious disappearance, other unexplained loss, stains and numerous other perils to which personal possessions are constantly exposed, but which either are not likely to occur or which are not likely to cause serious damage to fixed property such as dwelling buildings. It is the frequent occurrence and the size of losses such as these and the floating character of the coverage which outweigh the more restricted coverage for fire and extended cover under the personal property floater. But essential exclusions which usually cause no serious hardship when related to personal property, may play havoc when applied to a building loss.

It has been said, Mr. Lynch observed, that when all risk forms are called by what they really are, "unspecified peril" forms, much of their appeal is lost. And if they are to be compared with specified peril forms, the effect of all risk exclusions when related to the proximate cause of loss should be clearly understood.

Insurance companies will not insure against the hazards of war—the teeth

in the exclusion are the words: "This company shall not be liable for loss . . . caused by . . ." When the present statutory fire policy was adopted, the destructive methods of modern warfare were well known. The assumption can safely be made that if the chief executives of the insurance companies and all of the legal talent available to the industry, with their combined brains, had been able to think of stronger, more effective language, they would have used it.

During the last war, had incendiary bombs been dropped on San Francisco, setting fire to the whole city, the insurance companies would have had not one dollar of liability for that damage under fire insurance policies. And that is because even though the actual destruction would have been by fire, the proximate cause of loss would have been enemy attack, and excluded peril.

The same war risk clause is used in the all risk policies, and the proponents of those policies, Mr. Lynch opined, would not question the effectiveness of that exclusion language. And when the teeth of that exclusion clause: "This company shall not be liable for loss caused by . . ." are used with all of the other all risk exclusions, they should be equally effective if the proximate

cause of loss is an excluded peril. Occasionally there is a variation: "This policy does not insure," or "This insurance does not apply to . . .", but if there is for all purposes no distinction in the effect of these opening phrases,



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"And if a war risk exclusion is found following those opening phrases, one can be reasonably certain that the draftsman of that form could detect no appreciable difference either."

"Therefore, when one considers the

probability of loss to a dwelling building, from some unthought of cause, as well as the amount of damage such a loss might occasion, there then must be weighed the value of the protection afforded for those losses under an all

risk policy, with its exclusions against the protection which can be afforded under specified peril policies which do not contain the exclusion common to all risk policies."

Among the exclusions common to the "all risk" dwelling policies is the provision: "This policy does not insure against loss caused by faulty design, defective workmanship or material." If a policyholder employs an incompetent architect, or if there is poor workmanship, or defective material, no insurance company would want to pay for the resulting deficiencies in the building under an all risk policy on the dwelling. Nor should insurance companies assume such risk. The exclusion, therefore, may be considered essential. Nevertheless, when the policy specifically provides that it does not insure against loss caused by faulty design, defective workmanship or material, and defective workmanship, for example, is the proximate cause of loss by fire, by explosion or by collapse of the building, there is then a question whether the company is liable for that fire, explosion or collapse loss. It is well established by the courts over many years that the company is not liable when the proximate cause of the loss is an excluded peril. One policy has an addition to this exclusion: "unless resulting in collapse of the property or a material part thereof." "What could such an addition mean," Mr. Lynch asked, "were it not believed that otherwise the company would not be liable for collapse caused by faulty design, defective workmanship or material? That company has attempted to minimize the effect of the exclusion—but has it actually done so?"

The thought of collapse readily suggests itself when considering the effect of an exclusion dealing with faulty design, defective material or workmanship, but when it is conceded such an exclusion would be effective as to collapse, unless the exception were made, it is difficult to escape the conclusion that it would be equally effective as to fire, explosion and other perils. And would not this single exception to the exclusion actually strengthen a denial of liability if the loss is by fire, explosion or some peril other than collapse? And if the proximate cause of loss is established as defective workmanship, would there be any fair reason to say that the policy was intended to cover something so clearly set forth in its conditions as excluded? The ordinary fire policy does not exclude loss caused by faulty design, defective material or workmanship.

Another exclusion common to all risk dwelling forms is: "The insurance herein provided does not cover loss caused by mechanical breakdown." That may be considered an essential exclusion in an all risk policy, but what if fires and explosions result from mechanical breakdown. The comprehensive automobile policy contains such an exclusion, but there the exclusion is "due and confined" to mechanical breakdown. Nearly all of the all risk policies have an exclusion of loss caused by inherent vice. One nationally sold all risk dwelling form extends this further to exclude loss "caused by latent defects or infirmities in the premises or any part thereof." Mr. Lynch said he could not attempt to analyze that exclusion "because, frankly, I have no idea what it means."

Another typical but not essential exclusion is: "This company shall not be liable for loss caused by extremes of temperature." Is freezing in an area where freezing is unusual an extreme of temperature? A number of the all risk forms contain a provision that the insurance does not apply to or cover settling, sagging and cracking of plaster, masonry or concrete. What is the effect of this provision when sagging of a wall causes an electrical short with ensuing fire, or if the building has col-

lapsed or partially collapsed from weight of snow or from landslide? Then, there is an exclusion of loss caused directly or indirectly by wear and tear or gradual deterioration. No one should fairly expect an insurance company to pay for wear and tear or for deterioration in themselves, but excluding loss caused by these conditions conceivably could result in questionable protection under all risk form where there could be no question under a specified peril policy which contains no such exclusion.

Nearly all of the all risk forms exclude loss caused by earthquake. That is not an essential exclusion to all risk policies if the company is willing to assume the earthquake peril and the insured willing to pay for it. The earthquake exclusion is primarily to obtain lower premium cost. When the policy provides, however: "This company is not liable for loss caused directly or indirectly by earthquake," it is a reminder of the San Francisco earthquake and fire of 1906, when the policies of some 35 companies contained such an exclusion. Dissatisfaction with the adjustment of losses under those policies prompted adoption of the first statutory fire policy in California.

One all risk policy (a recently devised manufacturers' output policy) provides: "This policy does not insure against loss or damage caused by or resulting from earthquake or flood, except this exclusion shall apply to damage caused by ensuing fire, theft or explosion not otherwise excluded by this policy." It seems reasonable, Mr. Lynch remarked, that the national advisory organization which prepared that policy believed its member companies would not be liable for ensuing fire or explosion damage without that addition to the flood and earthquake exclusion. In using this language, they apparently adapted the language of the explosion exclusion in the statutory fire policy. That reads: "This company shall not be liable for loss occurring as a result of explosion or riot unless fire ensue and in that event for loss by fire only." The effectiveness of this statutory policy exclusion cannot be questioned, although there is, sometimes, a problem in determining whether the fire preceded or followed the explosion. In the event of an earthquake, that question is more easily determined.

The all risk forms usually contain an exclusion of loss or damage caused by flood since insurance companies are not willing to write this coverage. But there is no such exclusion in the fire and extended cover policy, and if a fire or explosion occurred as a direct result of flood, the fire or explosion damage is not excluded.

The all risk dwelling policies usually are written only after detailed inspection by the company or by the agent—an expensive procedure for both—and the underwriting rules of many of the companies writing these forms limit the coverage to a single family owner residence. In some policies there is a provision along the lines: "This policy does not insure against loss while the premises are rented to others unless caused by fire, lightning, windstorm," and the other extended cover perils. Considering this provision and the provision in the manufacturers' output policy, that is, the coverage for fire following earthquake, it will be observed that in some circumstances all risk policies are converted to "specified peril" policies on the happening of certain contingencies. In the one case, an all risk policy becomes a policy only for fire, theft and explosion if there is damage by earthquake. In the other, the all risk policy becomes a fire and extended cover policy if the dwelling premises are rented to others. In neither case however, is provision

(CONTINUED ON PAGE 36)



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Tumulty Attack on New Jersey Auto Rates Rejected by National Bureau

National Bureau of Casualty Underwriters has dismissed the application of a policyholder to reduce automobile liability insurance rates in New Jersey as groundless and denied the application in all respects.

The application was made Sept. 6 by T. James Tumulty, attorney of Jersey City, on behalf of George West, attorney at the same address. Mr. West is insured under a one-year auto policy by a member of National Bureau. A public hearing on the application was held at Newark. James M. Cahill, secretary of the bureau and an actuary, under whose direction the rates had been filed, represented National Bureau at the hearing. The present rates went into effect Sept. 1.

The decision, written by James B. Donovan, general counsel of the bureau, states that Mr. Tumulty produced no factual proof of his allegations and instead devoted himself to advancing various legal arguments. It was pointed out that evidence at the hearing disclosed that insurers have experienced heavy underwriting losses in automobile liability in recent years, due to inflation, accident frequency and high jury verdicts.

Mr. Tumulty criticized the form of order issued by Commissioner Gaffney. The decision states that questions as to the form of the approval order are irrelevant to any application to reduce the existing rates. They should have been addressed to a court of law, not the bureau. The applicant had a clear election of remedies. If he chose to question the legal form of the order making the rates effective, he had the right of immediate judicial review. If he chose to affirm that the rates were legally in effect but to contend that they should be reduced upon the merits for factual reasons, he could proceed to demand a hearing upon a reduction, with ultimate right of appeal to the court. That election has been made and is decisive.

It is clear from the evidence at the hearing, the decision says, that the filing was made only after a previous filing had been disapproved, was before the insurance department for over six weeks, was the subject of a detailed memorandum of analysis to the commissioner by a technical employee of the department, was personally reviewed and ordered approved by the commissioner, was physically approved by having affixed thereto the official stamp of approval of the department, bearing a facsimile signature of the commissioner.

Under these circumstances, finely spun contentions as to the precise form in which the order of approval was issued would appear captious. In every insurance department in the U. S., thousands of filings of revisions in rates, rules, policy forms, etc., are received every year. To accept the applicant's contention that the commissioner not only must personally review but also must personally execute a detailed order, with respect to every such filing, would result only in an administrative hodgepodge which would hopelessly ensnarl the efficient operation of an insurance department.

The applicant appeared to assume that to find some technical flaw in the form of approval would automatically

render the rates illegal, not only for prospective use but retroactively. This is absurd, according to the decision. The bureau and other interests presenting matters to a department for determination must rely upon the administrative processes used by the state. No business could function if it were not entitled to proceed upon an approval duly issued by an official department, to which the attorney general of the state acts as counsel. Policies written in conformity thereto are and would remain valid contracts, not to be set aside by reason of an alleged technical defect in the form of approval regularly used by the department.

When Is Self-Insured Plan Not An Insurance Plan

WASHINGTON—Self-insured plans established by employers which provide for sickness or accident disability benefits to employees, but which are not in themselves insurance plans within the meaning of section 22(b)(5), interval revenue code, do not become insurance plans merely by virtue of compliance with state disability benefit laws and approval by state agencies.

Ruling to this effect has been made by the internal revenue bureau in response to request for advice whether disability benefits received by employees under a self-insured plan of an employee and having state approval as conforming to requirements of the New York workmen's compensation disability benefits law and New Jersey statutes are excludible from gross income under the IRC section, also

whether such payments are subject to withholding of income tax at the source on wages.

The bureau ruled that benefits received under self-insured plans which do not qualify as insurance plans are includible in gross income tax withholding. It also announced modification of previous rulings to the extent that they are inconsistent with the new decision. However, the latter will not be applied with respect to disability

benefit payments received before Jan. 1, 1953, under a self-insured plan approved by appropriate state agencies as conforming to state disability benefit law requirements.

Ogden has been selected as the place and Sept. 14-15 as the dates for the 1953 annual meeting of Utah Assn. of Insurance Agents. Ben Lomond hotel will be headquarters and some of the activities will be at the country club.

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EDITORIAL COMMENT

Rating M. P. Package Policies

One phase of multiple peril package policy development that is tossed up for argument and counter argument these days—along with a number of other phases—is that of rating and rating organizations. This is a practical topic and probably will come in for more and more discussion as time goes on. It does not directly involve those aspects of M. P. development which it is the prerogative of executives in the business to determine, but rather concerns the mechanical handling of filing and rating such policies—whether named peril or all risk, indivisible or aggregated premium.

It is perhaps natural to find existing rating bureaus questioning the need of a new rating organization to handle M. P. policies, though it should be said that one argument of those that organized the M. P. rating bureau was that they could not proceed with the development of a package policy of the kind they had in mind through the existing rating bureaus, at least in a way they regarded as satisfactory. But now that there are both package rating and package advisory organizations, the points raised by some of the existing rating bureau people could be of merit, if only to point up the wisdom of extreme caution in the formation of any additional M. P. rating organization. Theoretically, of course, stacking of one on top of another could go on indefinitely.

It is pointed out that many fire rating organizations now have authority to service coverages which fire insurers are empowered to write by multiple line laws. Some of the fire rating organizations have filed casualty endorsements to fire policies, and it is probable that others will do it in the near future.

It is the contention of those in the older rating bureaus that there is no rating establishment that is organized to service a particular type of insurance equipped to develop all the basic material or supporting information in connection with multiple peril coverage. This would be true until all policies become multiple peril and individual peril coverage ceases to exist.

Here, of course, the route suggested is cooperation among established bureaus to produce the necessary material and data for whatever policies or endorsements are desired. This is particularly important in the early stages of multiple line development, when individual coverage, rates and experience cannot be ignored but must be

used as a base or guide for combinations of coverages. Something of that sort takes place whenever information or data for several lines is combined.

One point upon which there is general agreement is that so far the coverages in the new package policies are substantially extensions of basic fire cover. It is estimated that 95% or more of existing buildings are rated and insured against fire and extended coverage. It is doubtful if insurance against any of the other perils in any package policy now is applicable to anything like this extent. Rate or premium variables result from construction and protection differences. Fire statistics form the basis for construction variable and municipal grading as established by fire rating bureaus form the base for protection variables. Here the fire rating people note that gradings established at considerable expense to the business as a whole are used by the package bureaus which do not contribute specifically to the cost of such gradings.

It is a well argued idea that unless there is proper statistical breakdown of premiums in package policies, serious injury will be done to the statistics upon which the basic rates are predicated. In this instance, it is believed that losses readily classify themselves according to peril, and premiums can readily be broken down by proportional assignment in the case of indivisible premiums or separately where the premiums are built up by charges for the separate perils.

The fire rating bureaus naturally believe that too much emphasis has been put on the multiplicity of such bureaus across the country, in the discussions about national rating bureaus for the handling of M. P. coverages. They grant the benefit of nationwide coordination of rating bureau activities but question whether additional rating bureaus nationally would simplify the rating process. In the nature of things, rating is going to have to be state by state because that is the character of regulation; therefore, local rating by national organizations may be more awkward than local rating across the country by local rating bureaus.

The fire rating people also note that they have broad company affiliations, and they cite the disadvantages of a multiplicity of forms, developed by rating bureaus representing only certain types of insurers or limited mem-

berships of a given type of insurer. Why could not alternative rating plans and forms of coverage exist and be handled simultaneously by existing rating bureaus?

The fire people also bring up the desirability of stamping in order to be sure that policies are correct. Even where a class is dealt with on one rule book page, it is said that agents make

errors in approximately 5% of the policies. Stamping, which eliminates errors, can best be done locally.

In general, the argument here is that there are many advantages in filing and servicing M. P. rating plans by existing fire rate bureaus with the cooperation of other rating organizations and under the guidance of policy setting industry groups.

PERSONALS

Laurence W. Phelps, who has been promoted to assistant secretary in the eastern department of Travelers Fire, got his start in 1928 as a map clerk in the western department of Travelers Fire. In 1931, he went to Richmond as special agent and then in 1938 he returned to the home office as a marine underwriter. In 1942, he went to the Pacific Coast marine department at San Francisco as an underwriter and since 1944 has been superintendent of the marine underwriting department at Chicago.



Laurence Phelps

Thomas C. Anderson, Jr., son of Thomas C. Anderson, vice-president of Griffiths, Tate, Ltd., Chicago, is being married to Hazel McRae of Marquez, Tex., Dec. 27. Mr. Anderson, Jr., is an auditor and safety engineer in the home office of Service Mutual of Waco, Tex. He previously was in the automobile department of United States Casualty at Chicago. Mr. and Mrs. Anderson, Sr., and another son, Douglas, will attend the wedding and spend the Christmas holidays in Marquez.

Norbert E. Miller, attorney for North America at Cincinnati, was elected a director of the Cincinnati Club.

A number of those elected to the legislature in New Mexico are insurance agents. Horace Devargas of Espanola is a local agent and he was elected to the senate. Insurance men elected to the lower house include Joseph Warner, Jr. of Albuquerque, Medardo Quintano of Espanola and Richard Velarde of Cuba, all of whom are Republicans, and Noble M. Irish, Las Vegas, who is a Democrat.

A number of agents from northern Ohio gave a farewell dinner to Raymond Prince, Jr., who is retiring as Cleveland manager of the Employers group to take a new position at Oklahoma City. The dinner was arranged by Joseph E. Smith of Elyria, and John Frazier of the James & Manchester agency of Cleveland was toastmaster. Cal Reynolds, agency supervisor, was on hand from the head office. The

group presented Mr. Prince with irons which completed a golf set that was started the previous evening at a dinner given by the Employers group staff for Mr. Prince. Frank C. Filipowicz succeeds Mr. Prince at Cleveland.

Jack David McClain, son of Harry E. McClain, secretary of Indiana Assn. of Insurance Agents, was elected county treasurer of Shelby county. He is the first Republican to hold that post in the 136-year history of the county. Mr. McClain, who is connected with Farmers National Bank of Shelbyville, is the only known Republican in the McClain family. His father, before going with the Indiana association, was insurance commissioner under Gov. McNutt and since then has been a candidate for several state offices on the Democratic ticket and his brother, who is deputy attorney general of Indiana, was head of Volunteers for Stevenson in the state.

DEATHS

MALCOLM O. ALLEN, 61, Tennessee insurance commissioner since 1949, died at Vanderbilt hospital, Nashville, from complications following an operation and illness of several weeks. Not expecting reappointment under the new governor, Mr. Allen planned to return to his agency at Newport After Jan. 1. Mr. Allen's associates in the cabinet, among them Gov. Browning, and personnel of the insurance department served as honorary pallbearers at the funeral.



Malcolm O. Allen

A good friend of the governor since their college days at Cumberland University, Mr. Allen served as state highway commissioner under Browning in 1937-39. Between his two terms in office he served both as city engineer and as city attorney of Newport. Later he organized and continued to head until his death the Newport Insurance & Investment Co.

As commissioner, he raised the

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standard of solvency required of companies operating in Tennessee, fostered a new agents licensing law, and assisted in working out the financial responsibility act.

FRANK J. CANTY, 90, an attorney with U. S. Casualty at New York, who spent some years with the company at Chicago, died at his home at upper Montclair, N. J. He had been with the company 25 years. He was the author of many articles on law and insurance.

A. J. PRAFCKE, veteran local agent and savings and loan man at Streator, Ill., died at the age of 85. He had kept active up until the last. His son was killed in an automobile accident four years ago and his grandson, John F. Prafcke, runs the agency.

MRS. CLARA KRAMER KENDALL, whose husband, Harry R. Kendall, is chairman of Washington National of Evanston, Ill., died at her home at Evanston.

REED VANNAH, an engineer for the Boston agency of Boit, Dalton & Church, died at the age of 54 at Melrose hospital. He had been with Boit, Dalton & Church 27 years.

HIRAM MARION WEST, vice-president of Tri-State of Tulsa, died in a

hospital. He had been with Tri-State since 1944 and had been in the insurance business since 1919.

JOHN M. HARRISON, who had been with Royal-Liverpool at Atlanta 36 years, mainly in the automobile business, died. He had served with Royal as automobile superintendent, agency superintendent and agency secretary. He was first secretary and manager of Southern Automobile Underwriters Conference, he was president of Insurance Library Assn. at Atlanta in 1939 and 1940, and was most loyal gander of the Georgia Blue Goose in 1939. He was the first secretary of Catholic Laymen's Assn. of Georgia.

H. S. MESSICK, 63, New York insurance broker, died there.

LEONARD L. BUNNEY, 37, who represented Hartford Accident and Midwest life at Ogallala, Neb., was one of the eight fatalities in Nebraska from the blizzard of Nov. 25. His body was found a half mile from a ranch house. His car had been stalled five miles away in a canyon between Ogallala and Lewellen.

450 at Los Angeles Sales Congress of A. & H. Club

The sales congress sponsored by A. & H. Managers Club of Los Angeles last week had a registered attendance of 450 to hear nationally known speakers present selling ideas.

Raymond R. Ross, director of agencies of Equitable Life & Casualty of Salt Lake City, opened the program with a talk on "Our Challenge." Citing the historical background of free enterprise, he asserted that regimentation is at work in the United States and that the agent must do his part to stop the trend.

Most salesmen get by on practically a minimum potential capacity, he said, mentioning a survey which showed that the average man uses only 25% of his natural efficiency in earning a living. Almost any A. & H. salesman who has demonstrated that he has aptitude can increase his earnings if he is determined to do so, Mr. Ross said.

John Langstein, leading producer of Washington National at San Francisco, spoke on "Enthusiasm in Selling." He said that a man will buy when his enthusiasm is at a peak and that it is the agent's enthusiasm that causes him to buy. Men are seeking security of mind, and he said the agent should bring that security to the prospect with enthusiasm, which is needed if the prospect is to be induced to buy.

William Coursey, managing director of the International association, summarized some of the ideas in the book "Successful Ideas in Selling" that the association has put out. C. C. Mullen of Los Angeles closed the program with his talk in "Have You Sales Personality?"

R. I. Committee Chairmen

Howard R. Chase, Jr., Providence, president Rhode Island Assn. of Insurance Agents, has named the following committee chairmen:

Accident, Stanley C. Paige; agents' qualification, David L. Tuttle; casualty and surety, J. Kenneth Cormack; constitutional revision, John J. Clarke; fire safety, Herbert W. Rathbun, Jr.; program, Stanley Henshaw, legislative, Walter R. Johnson; membership, Benjamin L. Cook, Jr.; educational, John B. Butler; state insurance, Don S. Paige; property insurance, William J. Irons; finance, Fred C. Clarke.

Marshall Polk, Home, Nashville, president of Tennessee Fire Prevention Assn., addressed Insurance Women of Chattanooga on "Reporting Form Coverage."

Wyant, Strong, Garst Are Advanced in Farm Unit of Great American

Harlan W. Wyant has been advanced from superintendent to assistant manager of the farm and hail departments of Great American group. M. R. Strong, field supervisor for Texas and New Mexico, has been transferred to Chicago also as assistant manager. Cramer E. Garst, assistant superintendent, has been advanced to superintendent of the farm department.

Mr. Wyant joined Great American in 1941 as a special agent in Kansas. He was transferred to Iowa in 1944 and became state agent for the farm and hail departments there in 1950. He transferred to Chicago as superintendent in January, 1952.

Mr. Strong started with Great American as special agent in Oklahoma in 1947, and before that was a local agent in that state.

Mr. Garst started as a farm examiner of Great American in 1938. He began his insurance career with National Fire in 1924.

N. A. U. A Asks Rehearing of Auto Fleet Rate Decision

National Automobile Underwriters Assn. has asked for a rehearing of the Illinois appellate court decision which upheld the order of Insurance Director Day of Illinois that auto fleet insurance can be taken out for five or more cars owned by one company or by several companies under a common management.

In the meantime the injunction secured by N.A.U.A. against enforcement of the order and granted by the circuit court, remains in effect.

The decision involves an Illinois statute which is not duplicated anywhere else in the country.

Such Smoke & Cinder Head

J. J. Such of Automobile has been elected president of Smoke & Cinder Club of Pittsburgh. Vice-president is John H. Moller of America Fore, secretary, Gilbert V. Williams of American, and treasurer, Harry F. Eggert of National Union.

50-Year Man Saluted



G. M. Smith (left), a founder and president of Iowa Mutual of DeWitt, is shown presenting John W. Howes, vice-president, with an engraved watch on his 50th year with Iowa Mutual. Mr. Howes started as office boy and bookkeeper and later became the first field man for Iowa Mutual. Since 1930, he has been vice-president and manager of the claims department.



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EC 3 Indivisibility Is Approved for Use in N. H.

There is now effective in New Hampshire a revised extended coverage No. 3 which represents a change in the presentation of the cover. The premium is now indivisible, though there is no change in the rate. Previously insured could take one, two or three parts, A being leakage from fire protection equipment, B wind-storm, and C explosion, riot and civil commotion, etc. C was much like EC 4.

The new presentation makes rates for non-sprinklered risks a good deal clearer.

No. 3 is used in nine or 10 states, the midwest mostly uses the Factory Insurance Assn. equivalent and the Pacific Coast the N.C.I. (no common interest) form which is substantially the same as 3.

Presumably other rating bureaus will act on the cover as time goes on.

Glens Falls Names New Manager at Los Angeles

Glens Falls has named A. Allen Moss manager at Los Angeles to succeed Karl Glasbrenner, who was transferred to San Francisco as assistant secretary. Robert L. Hamsenn becomes assistant manager at Los Angeles. Both will be under the executive supervision of Secretary James S. Hurry.

Mr. Moss joined Glens Falls in 1949 as a special agent, after seven years with another company. Later that year he was appointed superintendent of the surety department at Los Angeles. Mr. Hamsenn, after six years with other companies, joined Glens Falls in 1945 as a special agent there.

Ryan Portland Manager

Albert L. Ryan, for five years fire special agent in the San Joaquin valley of California for Swett & Crawford, has been appointed manager of its fire department at Portland, Ore. He joined Swett & Crawford in 1938 in the fire underwriting division at San Francisco, was for one year with Reinsurance Underwriters of San Francisco, served four years in the navy and returned to Swett & Crawford in 1946, becoming special agent at Fresno, Cal., the following year.

Agent Host to Attorneys

John Hardeoerfer of Milford was elected president of Clermont County (Ohio) Assn. of Insurance Agents at a dinner meeting at which the lawyers of the county were guests. L. L. Harding of Milford is vice-president and H. L. Shinkle of Loveland is secretary.

Introductions were made by Brice Hendrixson of Batavia, the outgoing president. Guest speaker was A. M. O'Connell, president of Cincinnati Fire Underwriters Assn. He said for the sake of the lawyers he hopes that the insurance companies never lose their will to resist compulsory insurance and other unfavorable legislation.

Change W. U. A. Plans

The plans have been changed for the 1953 annual meeting of Western Underwriters Assn. This was originally scheduled for a hotel at Santa Fe, N. M., but instead it has been switched to the Broadmoor at Colorado Springs, and the dates are April 4-9.

Layman Joins Balboa

Lester C. Layman has resigned as secretary of Aetna Fire at the head office to become executive vice-president of Balboa of Los Angeles. He had been an Aetna man 16 years.

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DAY AND NIGHT PHONE JACKSON 0226

November 27, 1952
PAGE 21

**The NATIONAL
UNDERWRITER**

CASUALTY and SURETY SECTION

N. Y. C. Bar Group Opposes Compulsory and "Comp" Auto

**Recommends Impoundment,
Different Form of
UJF Legislation**

NEW YORK—The committee on insurance law of Assn. of the Bar of the City of New York, after long study, has brought out a report that opposes compulsory and any compensation system. It recommends adoption of an amendment to the vehicle and traffic law providing impoundment of any automobile, owned by resident or non-resident, involved in an accident resulting in substantial bodily injury or property damage, if the owner does not have standard limits liability insurance or deposit equivalent security.

If the legislature finds that legislation in addition to impoundment is required to deal effectively with the social and economic problems created by financially irresponsible motorists, the committee recommends an unsatisfied judgment fund. The fund as recommended would differ in several important respects from the New Jersey UJF.

The committee puts its conclusions in the form of a resolution recommended for adoption by the bar association. Action of the committee is expected to be of wide interest to other attorneys over the country as well as to legislators and others interested in the problem. Its personnel represents all phases of practice, including plaintiff's attorneys and insurer counsel. Its chairman is James B. Donovan, general counsel of National Bureau of Casualty Underwriters. Interest would be enhanced, of course, by adoption of the resolution by the bar group. The UJF recommended would be supervised by the superintendent of insurance. It would be created by levies upon uninsured motorists and insurers writing auto liability in the state, and would not levy against insured motorists also, as in New Jersey.

There are other UJF recommendations. The provision in North Dakota permitting restoration of license upon compliance with any installment payment order should be reasonably qualified because it is open to abuse. Instances there have arisen under which a misguided court has ordered nominal installments not equal to the interest upon the judgment, according to the report.

Any defendant would have right to counsel of his own choice. If no such choice is made within a reasonable time, the defense would be afforded by an insurer, which thereafter would be reimbursed at cost out of the fund.

Assignments of cases to insurers for investigation and defense would be made by the existing assigned risk plan, under insurance department supervision, which would obviate the need of creating a new board of insurers.

The report expresses disbelief that the additional \$3 levy on uninsured motorists as their contribution to the New Jersey UJF would be sufficient to induce registrants to insure. Also, an outright levy on insured motorists should not be imposed because others have failed to insure. The suggestion is for a levy of at least \$10 on uninsured motorists.

The committee recommends a sub-

Decision on Excess Auto Policy Holds for Excess Insurer on Late Notice

The New York supreme court has held for Excess Insurance Co. in a case involving an excess automobile liability policy, on the ground that since the agency which placed the excess policy was not an agent of Excess, and notice to Excess of an accident after five years did not meet the terms of the policy requiring immediate notice. The case is Keegan vs. Excess.

Elizabeth T. Keegan, doing business as James P. Keegan Co., a trucking firm, purchased basic limits through Ter Bush & Powell of Schenectady in Travelers. At the same time, the agency purchased an excess policy in Excess. Testimony showed that this was done because there was a rate concession offered by Excess at the time so that excess limits above the primary carrier could be placed with Excess at a lower cost to insured than if the entire limits were placed with Travelers.

A Keegan car was involved in an accident in New York City Aug. 20, 1943. The injured party sued for \$40,871, and secured a judgment for that amount. However, on appeal, the judgment was reversed and a new trial ordered. At a conference preceding retrial, settlement was effected \$3,500 above the primary limits of \$10,000, and Mrs. Keegan paid that amount.

No question was raised as to Mrs. Keegan's right to settle, the amount of the settlement, nor reasonableness of attorneys' fees incurred. The issue was that portion of the policy requiring insured to give immediate written notice of any accident to Excess and of any claim made on account of such accident.

The agency was notified Aug. 25, 1943, and notified Travelers. The suit began June 30, 1945, and notice of this was passed on to the agency and to Travelers, which undertook defense of the action. There was no proof that either the agency or insured ever notified Excess of accident or suit. Excess was notified July 2, 1948, by letter. The court held that failure to give notice until nearly five years after the accident has occurred is palpably unreasonable.

However, Mrs. Keegan contends that the agency was the agent of Excess and that notice to the agency observed the pertinent policy terms.

However, evidence was brought out that the agency did not represent Excess and in this case acted as broker, for Mrs. Keegan. Consequently the agency was agent of insured and not insurer, and notice to the agency was therefore not in compliance with the policy provisions.

It was also contended that only if there was likely to be a claim exceeding the limits of the primary coverage was notice of the occurrence of an accident required to be given to the excess insurer. Notice to an excess insurer was not necessary until it appeared to the underwriting agency that there existed reasonable probability that payment by the excess insurer would be required. The court said to this that the terms of the agreement between the parties, of which there was no waiver in the case, provided otherwise.

Robert Carter, marine manager for General of Seattle, spoke on current trends in the New York hull market and functions of the American Marine Hull Insurance Syndicate at the November meeting of Marine Insurance Society of Seattle.

100TH ANNIVERSARY MOVE

Aetna Life Capital Goes \$30 Million on 50% Stock Split

Stockholders of Aetna Life will vote on the recommendation of the directors that the capital be increased to \$30 million. This will consist of 3 million shares of \$10 par value and will be created by the payment of a dividend of one share for every two now held. The stockholder meeting is Feb. 10. Additional shares will be issued March 2 to stock of record Feb. 17. At the same time the directors have declared the usual quarterly dividend of 50 cents and the customary 50 cent year-end extra, both being payable to stock of record Dec. 5.

Aetna Life will commemorate its 100th anniversary next year and the directors authorized a special commemorative payment to employees. The older members of the staff will receive \$100 on the anniversary next June 15.

Aetna Casualty and Automobile of the Aetna Life group voted special extra dividends to stockholders of 20 cents a share, this being in recognition of the centenary of the parent institution.

"Existing Plans" About Gone in N. J.; Private Plans Grow

Last of New Jersey's disability insurance "existing plans" will expire Dec. 15, assuring all of the 1,900,000 covered workers in the state of at least the weekly benefit amounts provided in the law for sickness or disability not compensable under workmen's compensation.

An administrative thorn, since many of the "existing plans" paid below the state's minimum and caused misunderstanding among workers, legality of this type of coverage was established in the New Jersey temporary disability benefits law. It provided that any employer's plan for the payment of disability benefits to workers in effect when the law was passed in 1948 was to be considered an "approved" private plan, without regard to the benefits payable, until the earliest date upon which the employer had the right to change or discontinue the plan.

In 1949, 27,000 workers were covered by such plans. However, their number has steadily decreased as policies expired or were cancelled. Employers have replaced them with various types of private plans or with state plan coverage.

Approximately 17,700 employers are now providing disability insurance for workers through private plans, an increase of about 4,350 over the 13,350 in effect early in 1949 when benefits were first payable under the disability insurance law. The number of workers covered by private plans has increased from 787,000 to 979,400.

Of the private plans now in effect, 16,378 have been underwritten by private insurers while in 1949 this type of private plan numbered approximately 14,000. In addition, 1,178 employers were providing disability insurance through agreements with labor organizations while 156 were self-insured.

About 900,000 workers are under the state plan, whose fund showed a balance of \$87,933,976 Sept. 30.

Waldo W. Rinehard, local agent at Shawano, Wis., who retired in 1951, because of his health and moved to Colorado, has returned to Shawano and is reopening his agency.

Insurers Get Half What They Say They Need in Bay State

**Commissioner's Private
Passenger Rates are 18.5%—
Bureau Recommended 36%**

The 1953 rates for Massachusetts statutory automobile B. I. insurance that were finally promulgated last week by Commissioner Sullivan corresponded to advance billing. Mr. Sullivan earlier had said that the increase would be in the range of 10 to 20%. The average increase is actually about 18½%. This is about half what the companies say is needed. The range of the increases is from \$1 to \$13. The hearing on the new rates will be Dec. 12.

Mr. Sullivan's news release was brief. He attributes the increase in rates "to the continued pressure of inflation . . . resulting in a sharp increase in the cost of disposing of claims." Some of the elements entering into these costs he listed as: Increased hospital and medical expense, higher wage level and generous jury awards.

Massachusetts Automobile Rating & Accident Prevention Bureau recommended an increase of 36% for private passenger cars. The insurers advocated basing the new rates on the loss experience of 1952, but Sullivan only modified his traditional three-year average loss level method to a limited extent. The new rates are based on an average loss cost per car of the three years, but with a factor that reflects the difference between the average claim cost of those years and the average during 1951. This, the companies say, recognizes the effect of inflation on average claim costs to some extent, but does not give weight to the continued increase in claim frequency.

New taxicab rates were also promulgated, averaging 13.5% higher. These range from a decrease of \$10— from \$130 to \$120 for the lowest rated territory—to increases ranging from \$10 to \$140. Somerville and Worcester constitute the highest rate zone, the charge being \$750 as against \$600 in 1952. The rate for Boston cabs goes from \$430 to \$490.

The increases in rates for commercial motor vehicles range from 50 cents to \$25 and are 16.2% higher on the average.

The garage rates are increased 21%. The companies continued as they have every year since the war to recommend that the age and youth classification rating system be introduced in Massachusetts, but as usual the commissioner rejected this.

The maximum increase in private passenger rates is imposed at Chelsea, which is traditionally the worst spot in the state. The new rate there is \$73 as against \$60. In Boston the new rate is \$70 as against \$58. Ipswich gets the minimum increase, going up from \$26 to \$27, and there are a number of other places that are in the same bracket. The lowest rate is \$18.50. There are a large number of towns that have such a rate. Their 1952 rate was \$16.50.

John O'Connor, executive secretary of Casualty Insurance Companies Serving Massachusetts, issued a statement that the new rates "are dangerously inadequate in this era of in-

(CONTINUED ON PAGE 30)

C. F. J. Harrington Is Featured at Denver

DENVER—C. F. J. Harrington, executive vice-president of National Assn. of Casualty & Surety Agents, in addressing an insurance luncheon gathering here said that "compulsory auto insurance is a headache for the

public, state, insurance companies, and the producer." Among those present were Commissioner Kavanaugh, members of N. A. C. & S. A.; members of Denver Insurers Assn.; and members of Colorado Insurers Assn. Harold Wilbur of Denver introduced Mr. Harrington and other guests present were Barney Brandt of the W. B. Brandt Co. (Sayre & Toso) and Leonard Brown, president of American Assn. of Managing General Agents.

Mr. Harrington said N. A. C. & S. A. is not in competition with other agents associations. Its function is by liaison with all organizations to smooth out relations between the producers and the companies.

Mr. Harrington gave examples of how the association had been able to influence company leaders in connection with pending questions, to the advantage of the producer.

Mr. Harrington said the insurance commissioner today has to delegate much responsibility to his subordinates since the pressure of rules and rates and regulations necessitates much ground work be done before any decision can be reached. He cited this example: "How is the expense portion of the dollar to be divided?" This is a difficult study, one which must define expense groups, acquisition costs and methods of loading expense in the rates. There are many methods in studying this and a commissioner has to be able to define each one and consider the facts for the betterment of the public, the producer and the company during the hearings. A commissioner, Mr. Harrington said, has need for clear cut intelligent presentations by company men and producers as he acts only on the information before him at such hearings and he must pass judicially since he has no right to make rates.

The compulsory auto insurance headache has caused collapse of 12 Massachusetts insurance companies in 12 years. Mr. Harrington asked, "Is this sound protection to the public, producers, and companies?" The law has been a headache also to the politicians. He cited the case of an insurance commissioner who resigned rather than purge his integrity or violate his oath of office by lowering rates when ordered to do so by the politicians. "How can you solve a mathematical problem by political expediency?", he asked.

Chicago A.&H. Group Plans Big Party for 100 Orphans

Chicago A. & H. Assn. on Dec. 16 will conduct its annual party for Chicago orphans. The A. & H. people will entertain 100 orphans ages 6 to 12 from the Central Baptist Children's Home and Angel Guardian Orphanage.

The children will assemble at the La Salle hotel for a turkey dinner, and then there will be movies, group singing, a clown act and other entertainment. Every child will be given two gifts along with candy, cookies and other goodies. These will be distributed by a prominent Chicago insurance man who will be dressed as Santa Claus.

John Campbell, Provident Life & Accident, is in charge of arrangements for the party.

Inspect Childress, Tex.

Twenty inspecting teams of the western division of Texas Fieldmen's Assn. made 327 inspections and uncovered 675 hazards in a town inspection of Childress. The inspection opened with a parade and after the risks had been gone over the field men were given a cocktail party and buffet supper.

Insurance Men Favor Ike's Plan for Health Study Visit

WASHINGTON—Insurance representatives look with favor upon a report that Gen. Eisenhower has in mind creation of a committee or commission to study the whole problem of welfare, social security and federal aid to the states for programs in such fields as health, disability benefits, unemployment compensation, and others.

Senator Taft has suggested a study of federal aid problems. Programs in this field have expanded into the multi-millions and many bills have been introduced, and others are expected to be introduced, to extend such operations.

The reported Eisenhower plan would involve a study, it is believed, of a Hoover commission-type into the field indicated above.

Insurance observers believe it would at least call a halt upon further proposals for federal excursions into the field, also socialized medicine, for a year or so, and assure careful consideration of them.

It is believed, however, it would be very difficult to detain legislation cutting off federal aid programs in general, which have become ended over the years.

The Senate finance committee has authority to study social security problems with a view to possibly putting the OASI and old-age public assistance program on a pay-as-you-go basis.

The U. S. Chamber of Commerce has recently called for a referendum on this issue, coupled with a proposal to place all aged workers and recipients of old-age benefits under OASI.

Denver Officials Pleased

Thomas Millisack, commissioner of supply of Denver, has been quoted as stating that the insurance program that has been shaped up for Denver could well serve as a model for any city. This is a five-year program whereby all buildings that are valued at more than \$100,000 are covered by five separate insurance policies with the payments on each due in different years.

The program was entered upon following a survey that was conducted over four years by Denver Insurers Assn. He gave as an example of the improvement the coverage on Denver General hospital. Formerly there were 78 different policies and now there are 10 and these afford the city more coverage at less expense. Buildings valued at less than \$100,000 are self-insured. Also the city's vehicles are self-insured.

Williams Heads Square Club

Robert S. Williams, Fire Insurance Rating Org. of New Jersey, was elected president of Insurance Square Club of New Jersey at the annual meeting. George A. Burger, Jr. of Northern New York is first vice-president; Frank J. Miller of St. Paul F. & M., is treasurer; Fred J. Pye, Fire Insurance Rating Org. is secretary.

Gift to Atlanta Hospital

A Bloxham oxygen-air pressure lock, used in the treatment of prematurely born and asphyxiated infants, has been donated to Grady Memorial Hospital, Atlanta, by Atlanta Assn. of Insurance Agents.

Frank L. Wilson, superintendent of the city-county hospital, said the unit was one "greatly needed by the hospital in the saving of lives of prematurely born babies," and expressed his sincere appreciation to the agents' association for the gift.

Donation of the equipment, which cost approximately \$1,100, is part of a program of the Atlanta association to invest funds derived from the writ-

ing of insurance on public properties, in which the association participates, to the betterment of the community, according to Robert F. Bryan, president.

Mr. Bryan was joined by S. W. Mangham, Dickey-Mangham Co., Atlanta, insurance adviser to the Fulton-DeKalb Counties Hospital Authority, and Geo. DuR. Fairleigh, secretary of the association, in presenting the gift to the hospital.

Defense Rating Plan OKed for Use Intrastate in N. J.

The governing committee of Compensation Rating & Inspection Bureau of New Jersey has adopted and the insurance commissioner has approved the national defense projects rating plan for New Jersey workmen's compensation of manual rates or for the individual eligible contracts Nov. 1 and may be applied retroactively to eligible contracts in force last Jan. 1 on agreement of employer, insurer and interested government agency.

The experience developed under the plan is not to be used for determination of manual rates or for the individual employer's experience rating under the New Jersey experience rating plan unless it is clearly within the normal operations of the employer.

It is strictly for contracts with the federal government or one of its agencies. Insurance on such contracts let to the same risk by different agencies of the government may be combined under the plan with the approval of the agencies involved, if one such agency is designated to act for all in administering the plan and in allocation of the insurance costs among the several agencies. The plan must develop an estimated annual premium of at least \$10,000. It must include all other operations of the risk not susceptible of separation from those performed under eligible contracts.

Begins with \$1,500,000

Girardian Life of Texas has been formed with capital of \$500,000 and paid in surplus of \$1 million. Writing life and A.&H. lines, the company is manned by the same officials holding similar positions in Girard Life and Guardian International Life, both of Dallas.

William A. Blakley is board chairman; Charles W. Windham is president. Other officers are James H. Walker, vice-president; Sam J. Gilbert, vice-president and agency director; J. B. Tucker, secretary-treasurer; C. C. Yost, vice-president; Frank H. Oshlo, vice-president and actuary, and Dr. E. W. Breihan, medical director.

Change N. Y. Medical Rule in W. C.

The New York insurance department has approved an amendment to workmen's compensation manual rules covering medical payments in excess of \$2,000 per claim, so as to make coverage available for a retention of \$5,000 as well as of \$2,000. Hospitals are the big buyers of this medical deductible cover.

It goes without saying



that a client who feels well protected by his agent or broker is less likely to "shop around" for his insurance . . . Perhaps that's one of the reasons why more agents and brokers year after year place more Power Plant Insurance with Hartford Steam Boiler than with any other company.

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Won't License Students

College and university students will not be licensed to sell insurance in Minnesota, Commissioner Nelson has announced. He said some companies are seeking to qualify students to sell

insurance during the school term and also during vacations but the commissioner said they seldom remain in the business and cannot service the policies from year to year as regular agents do.



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BROOKS GIVES WARNING

N. Y. Excess Line Brokers Still Are Throwing Curves

Excess line brokers in New York are especially active in casualty, according to Walter F. Brooks, deputy insurance superintendent who addressed a recent meeting of agents at Garden City, L. I. The department wants to see that the brokers take the proper steps to protect their clients and comply with the state law.

In 1950 approximately \$2½ million went into unauthorized companies from New York state, double the amount in 1950. He estimated that in 1952 considerably more than \$3 million of such business would be recorded.

While this is not a great deal, compared with the total volume of premiums that come out of New York state, if some insured find themselves in an insurer that will not pay a claim or can't because it is being liquidated in another state, this reflects on the ability, judgment and responsibility of the producer. Since agents use these surplus line brokers on occasion, the matter is an important one to them as well as to the brokers.

One obligation imposed by the law is that the excess line broker file an affidavit signed by insured that he cannot secure insurance in an authorized company, and this must be filed with the department within 30 days after the policy is issued. This is important, and the department is interested in enforcing it because there have been cases where insured did not complete the affidavit and it was not certain insured knew he was covered in a company not authorized to do business in the state.

The department does not want a broker writing business in a non-authorized insurer unless insured knows the kind of company he is going into. This is because insured under certain circumstances does not have the full protection of New York insurance laws. The superintendent is there for service, and insured can sue and secure a judgment, but if the company is broke or practically nonexistent, he is not apt to get much satisfaction.

The department is assessing maximum fines on brokers who do not live up to the law's responsibilities. He told some horrendous tales of companies that practically did not exist, that did not have enough money to pay return premiums, that are now in liquidation. Excess lines brokers have placed a lot of business with such insurers.

It is true that no standard is set up in the law applicable to the finances of such companies, but the brokers are obligated to check into the character of the unauthorized insurer.

The department's warnings have been heeded by only a few excess line brokers, he said. Business is still being placed in financially unsound companies. For example, this is occurring in connection with two mutual companies which are levying assessments and which do not have enough money to put up the unearned premium reserve on the business that they are writing.

The law was passed three years ago to ease the market for producers who were finding it tough to secure coverage in the casualty and fidelity and surety fields. The business is growing, but Mr. Brooks indicated that the department is not satisfied with the manner in which the brokers are conducting themselves.

Some brokers are placing excess automobile coverage on assigned risks in the Saskatchewan government fund. Malpractice premiums are now finding their way in considerable volume into unauthorized companies.

He noted that in general 75% of such

business goes to London Lloyds. They have large deposits in New York, but there is nothing the insurance department could do if Lloyds decided not to pay a claim, except what is done in the case of any unauthorized insurer. It is well-known that Lloyds writes a lot of marine and always has, but it is not so well-known Lloyds' brokers now are writing directly a considerable amount of fire and liability, particularly malpractice. He cited the case of one large national organization which has 1,500 members in New York that has purchased malpractice coverage in Lloyds at one-half the domestic rate.

On much of the business that goes into the unauthorized market the rate is three, four or five times the filed and approved New York rate. The question frequently is asked, why don't domestic companies write at a higher than published rate? Mr. Brooks said there is a method by which domestic companies can do this, but they seldom if ever do it because it is too much trouble.

Among the lines being written in unauthorized insurers are excess limits on under-age drivers, above assigned risk limits, stock car race track liability, large fire insurance lines on woodworkers, and city liability. Recently Troy placed its public liability in the unauthorized market, at a \$35,000 premium. Two other New York cities have had to go into the unauthorized market to secure liability coverage. Mr. Brooks thinks this is a sad commentary on the authorized market.

Excess Doubles Space

The Chicago office of Excess Underwriters has doubled its space in the Insurance Exchange building, moving into completely remodeled space at A-1959.

A steadily increasing volume, plus addition of personnel, made the move necessary. Howard E. Mankin, executive vice-president, is in charge at Chicago.

Two Named by Patriotic

Patriotic and Sun Underwriters have elected G. Leicester Parker as vice-president, and have appointed Carl Schaefer as assistant secretary of both companies.

Mr. Parker is assistant United States manager of the Sun office. Mr. Schaefer was formerly general superintendent of the companies at the executive offices in New York City.

Sylvester Melvin of Greenfield, Ill., who observed his 101st birthday Nov. 29, is still active as secretary of Green County Mutual Fire, a post he has held for many years.



Among those at the N.A.I.U. gathering, Mrs. Wilson and Russel Wilson of Casualty Underwriters of St. Paul.

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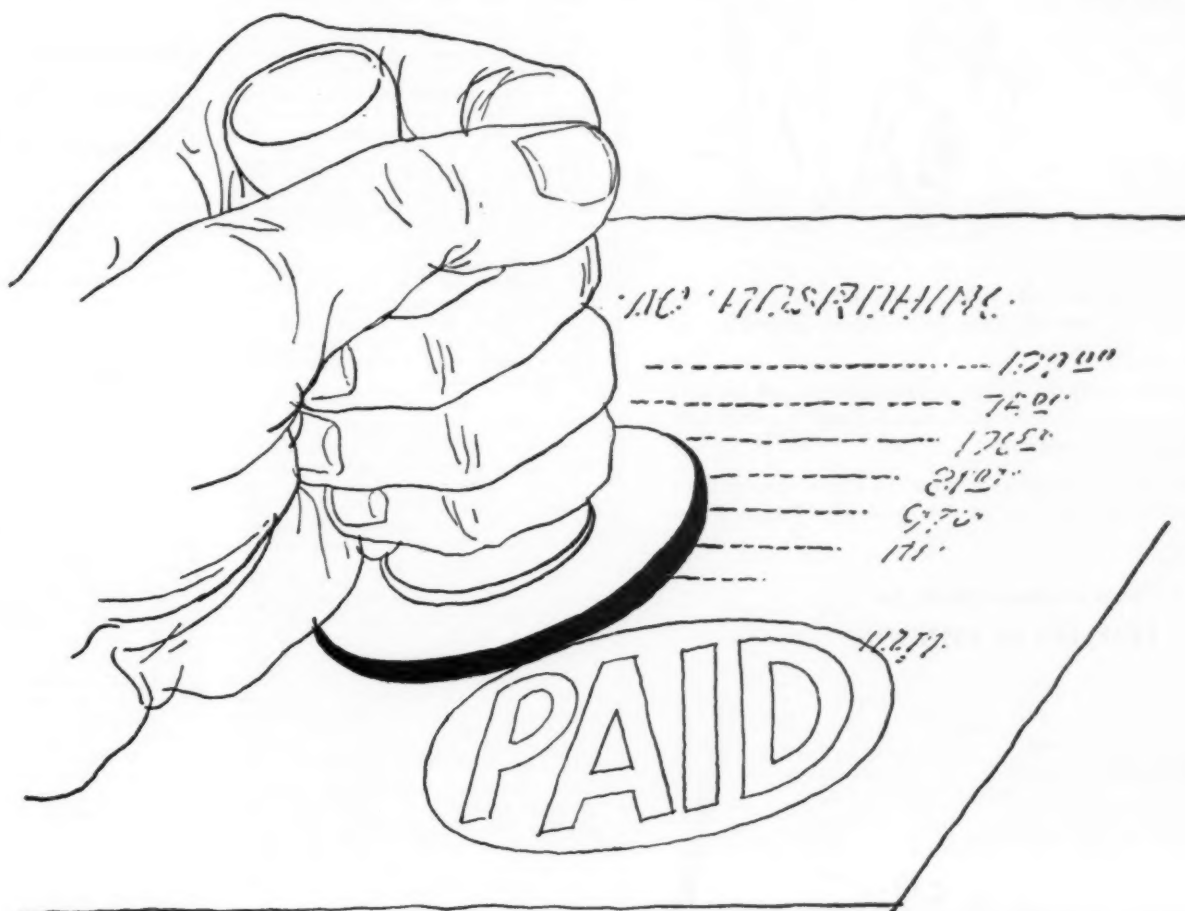
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U. S. F. & G. Promotes Moroney, Malloy, Other Advancements

U. S. F. & G. has made several promotions and new appointments in the Chicago branch office and northwestern Illinois office at Dixon. New superintendents in Chicago are Edmond J. Moroney, John E. Malloy, Thomas J. Cronin, William J. Hennessy, and Edward Reese, with L. B. Huesteden promoted to superintendent of casualty underwriting in the Dixon office.

Mr. Moroney, who was promoted to superintendent of the bond department, joined U. S. F. & G. in 1919. He was admitted to the Illinois bar in 1924 after graduation from De Paul University law school. Formerly superintendent of the judicial department, he is an ex-president of Surety Underwriters Assn. of Chicago and served for several years in a legislative position with the Insurance Federation of Illinois.

Mr. Malloy, promoted to superintendent of the comprehensive and liability department, has served with the company in various capacities since graduating from Notre Dame in 1934. He has been assistant in the department since his return from military service in 1946.

Mr. Cronin, who now heads the payroll audit department, went with U. S. F. & G. some 29 years ago. He ultimately became senior auditor in the combined safety engineering and payroll audit department, the superintendent being Cecil O. Bernard. The single department now is separated, with Mr. Bernard retaining his position as superintendent of the safety engineering department.

Mr. Hennessy, who went with the company about five years ago, was promoted as superintendent of the automobile department, and Mr. Reese, a veteran of over 20 years with U. S. F. & G., became head of the burglary department.

Other promotions or appointments are Harry Brown, Jr., judicial underwriter; E. R. Burt, assistant superintendent, C. & L. department; Stanley Carfeldt, assistant superintendent, automobile department; George A. Green, burglary underwriter; Robert King, Jr., fidelity underwriter; Duane H. Kuffel, engineer (rate inspection); Robert W. Larkin, fidelity underwriter; Celia Lewis, judicial-contract underwriter; Edward Markech, fire underwriter; Roger L. Wilson, comprehensive and liability underwriter.

Other promotions in the Dixon office were Joseph Braun, special agent (fire); Elaine Fish, burglary and glass underwriter; Frederick Ricker, special agent; Robert Shinnick, adjuster-in-charge; L. B. Sutton, automobile underwriter; George W. Theisen, Jr., C. & L. underwriter, and Donald E. Vaile, adjuster.

Messner Joins Hunnicutt

Samuel T. Messner, Jr. has joined Hunnicutt & Associates of Jacksonville, Fla., as manager of its insurance department. He graduated at the commerce school of University of Pennsylvania in 1939 and graduated from the Aetna Casualty school in 1940.

Western States Opening

Western States Mutual Automobile is holding an open house Dec. 13 in its handsome new two-story home office building at Freeport, Ill.

Pedestrian Agonies Filmed

A new 15-minute sound slide film entitled "The Run-Down" dealing with pedestrian safety has just been completed and is being shown by Zurich,

which is the sponsor. A professional actor serves as dramatic narrator and tells the realistic story of pedestrians in their daily brush with death. Scenes were taken in the Chicago area showing many actual unstaged situations. The film is being made available through agents of Zurich.

Cautions Insurance Doesn't Cover Loss Caused by Product

"The mere buying of insurance is never the solution to the loss problem, for the manufacturer must know and be able to prove that his product is free from hidden hazards when any liability claims are made against him." This statement was made by John V. Grimaldi, assistant manager accident prevention department of Assn. of Casualty & Surety Companies, at the annual meeting of American Society of Mechanical Engineers.

"Many manufacturers believe that as long as they have insurance coverage they no longer have responsibility," he said. "It is their belief that the insurance company is responsible for all liability claims that may be placed, falsely, or truly, against hazards found in their products and thereby has assumed a responsibility for safety."

"In general, products liability contracts cover those accidents that occur off the premises of the insured, and after the insured has relinquished possession of the product. Thus it can be seen," he went on, "that the manufacturer can be sued for deficiencies in his product which result in injury to the public or damage to property and which are not included in the scope of products liability coverage."

"If his product is an extreme hazard to the public or its property, it may mean that he has to withdraw it from the market, thereby compelling him to lose all of the money and time he has spent in research and in setting up the production processes," Mr. Grimaldi cautioned.

The speaker outlined precautions the manufacturer must take to make sure his product is not a hazard. This method, combined with the purchase of insurance guaranteeing indemnification within limits of the policy, is the soundest way to protect the manufacturer against loss, Mr. Grimaldi said.

Well-Informed Agents Need Not Fear Competition: Ryon

The well-informed insurance agent has little to fear from the "bogeyman" of competition, Richard B. Ryon, who represents Aetna Casualty at Pottsville, said in a graduation banquet address concluding the 131st session of the company's sales course at Hartford.

"If an agent will sell the broader forms of protection instead of concentrating on specific coverages and at the same time tailor his product to his client's needs, the fear of competition will soon dissipate," Mr. Ryon insisted. "This confidence and ability," he continued, "comes only with a thorough knowledge of the business acquired by serious study under competent leadership in schools such as this."

Mr. Ryon was invited to address the graduates because of his outstanding record in the general insurance field since he graduated from the course in 1945.

The class was led by George J. Perreault of Portland, Ore. A blue ribbon for high scholastic standing went to Harold L. Epperson of Canton, Ga. Gold ribbon awards for demonstrating outstanding skill in soliciting techniques were won by William J. Tracy of Bristol, Conn., John A. Wilson of Chicago and Asa F. Voak of Cleveland.

Chicago Fire Service Bond for Suburbs Awkward Problem

Surety Underwriters Assn. of Chicago at a luncheon meeting Tuesday, engaged in a discussion of the problem concerning application of the Chicago ordinance requiring property owners and villages that desire to avail themselves of the facilities of the Chicago fire department, to post bonds of indemnity. This requirement has been in the municipal code since 1945 and the issue arises from time to time. Just now it is acute because the Clearing industrial district which lies within at least two villages outside of the Chicago limits is trying to make the necessary arrangements.

The Chicago corporation counsel has said that facilities were available through bonding companies and a number of those at the meeting said they had been bombarded with requests for these bonds.

The code requires bond of \$25,000 to be given by a private individual, bond of \$150,000 by a village of certain class, and \$250,000 by larger villages. Those entering into the discussion said the obligations of this bond are so onerous that they don't see how any surety company would write it, especially for villages. The bond, among other things, guarantees to indemnify the city of Chicago against any claim for injuries to property or person from the time the equipment leaves its station until it returns. Also, protection for the Chicago city fire department employees must be given and loss or damage to equipment due to accident must be provided for.

It was brought out that this matter has been under study by National Bureau of Casualty Underwriters and Surety Assn. of America and there is a National Bureau committee that is looking into the situation as it exists in other cities throughout the country.

Roy L. Davis, western manager of Assn. of Casualty & Surety Companies, was on hand to tell what he knew about the problem. He opined that this is not a writable bond for the villages. He said that apparently the Chicago city authorities feel that certain of these industries have fled from Chicago to save taxes and there is not much of a disposition on the part of the Chicago city council to provide tolerable conditions for these interests. He said that the result of this is that the surety companies have been put in the middle. He said it is not their problem and they should not be made the whipping posts.

William Bowersox of Fidelity & Deposit presided over his first meeting since being elected president. Columbia Casualty was selected to issue the bond for the Surety Assn. treasurer.

L. K. Farrell Is Honored at Testimonial Dinner

Leading New York A. & H. men joined with top officials of Metropolitan Life in honoring Lawrence K. Farrell for his 48 years of continuous service in the A. & H. business. Mr. Farrell retires at the end of this year as third vice-president of Metropolitan.

About 250 attended the testimonial dinner. William L. Kick of Fireman's Fund Indemnity, president of A. & H. Club of New York, was toastmaster, and Frederic W. Ecker, executive vice-president of Metropolitan, gave the major address.

At the head table were Frederick E. Boes, Metropolitan Life, president-elect of the club and Arnold W. Danckwerth, Mutual Benefit H. & A. Co-chairmen of the dinner were Harold M. George, U. S. F. & G., and Julius L.

Ullman, W. L. Perrin & Son. Other past presidents of the club had honor positions. Many Metropolitan officials were present, in addition to Mr. Ecker.

Mr. Farrell started with Metropolitan Casualty in 1904 and went to Royal Indemnity in 1911, becoming assistant superintendent of its A. & H. division in 1919 after military service. He went to Metropolitan in 1921 as chief underwriter in its newly-organized personal A. & H. division. In Oct. 1937 he was appointed assistant secretary, was ad-

vanced to assistant vice-president in 1944 and to third vice-president in 1945.

McCarthy Joins E. W. Shaw

Bernard S. McCarthy, who is an experienced insurance man, has purchased an interest in E. W. Shaw Co. of Denver, the managing general agency firm. He becomes treasurer of that organization and will assist in production work.

Brooks to Southland Life

Glenn M. Brooks has been named manager of A. & H. department of Southland Life, concurrent with the company's expansion in this field.

Mr. Brooks has been supervising assistant manager for north Texas with Travelers. He joined Travelers in 1945 as field supervisor. He is a war veteran, entering the service from Employers Casualty.



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Travelers' New Chief Well Qualified For Responsibilities He Will Assume

J. Doyle DeWitt, who will become president of the Travelers companies Dec. 22, has been with the group since 1925, starting as an investigator in the claim department at Des Moines. Mr. DeWitt was transferred to the life, accident and group claim department at the home office in 1927. He was appointed an examiner in 1929 and assistant manager of that department in 1933. In 1937 he went to New York as supervising adjuster in charge of all life, accident and group claims in the metropolitan area, then returned two years later to the home office. In 1943 he was named secretary in charge of all claim departments.

Mr. DeWitt was chosen by Mr. Randall to become the latter's assistant in 1945 with the title of assistant to the president. Five years later he was elected vice-president of all Travelers companies.

An avid collector of presidential campaign memorabilia, Mr. DeWitt was largely responsible for the "America Goes to the Polls" exhibit which drew more than 22,000 visitors to the home office during the weeks preceding the election. He is a member of American Numismatic Society, American Numismatic Assn. and Hartford Numismatic Society. He is the author of many articles on American historical numismatics. He is president of the Hartford Club, a member of the Hartford Golf Club, A. & H. Club of New York, American Legion and the Twentieth Century Club.

Mr. DeWitt was president of Eastern Life Claim Conference in 1939 and 1940, and was chairman of the executive committee of International Claim Assn. in 1942 and 1943. It was during this period that the war claims liaison committee was established. He was president of International Claim Assn. in 1943 and 1944.

Mr. DeWitt received a Freedoms Foundation Honor Medal Award in 1950 for a story he wrote extolling the private enterprise system. He received a certificate of merit from the Hartford Chamber of Commerce in 1951. He is a trustee of Hillyer College.

Jesse W. Randall, whom he succeeds as president, was born in Connecticut, almost within sight of the spot where the Travelers Tower now stands, and has lived in the state all his life except for brief periods when he was assigned to the Springfield, Worcester and Boston offices. He joined the company in 1905 as a mail clerk and rose to become one of the foremost figures in the insurance field, coming up through the ranks to president of his company. He was transferred from the mail room to the filing vaults, then to the underwriting division of the indemnity department. Feeling that experience in the field would provide a deeper insight into underwriting problems, he asked for an appointment as a special agent and, in 1910, he was assigned to Springfield. Within three years he was given responsibility for all casualty lines at Springfield and, later that year, was appointed manager of casualty lines at Worcester. In 1914 an opportunity presented itself to move to a larger office, Boston. Despite the fact that the move involved what might have appeared to be a demotion from the post of manager to one of assistant manager, he sought and obtained the Boston assignment.

In less than two years he was recalled to Hartford where he was shortly made assistant secretary of the compensation and liability department. In 1927 he was promoted to secretary of

his department and seven years later was elected vice-president of Travelers Indemnity, and in 1944 a director of Travelers companies.

When L. Edmund Zacher died suddenly in 1945, Mr. Randall was elected president. During his stewardship he has brought the companies through a period of tremendous growth despite the complexities incident to the ending of the war and the no less complicated post-war period.

Mr. Randall has purchased a home at Winter Park, Fla., and expects to spend Christmas there. He plans to hold "open house" in his office the afternoons of Dec. 15, 16, 17 and 18 for the purpose of saying goodbye to the companies' employees, his business associates and friends.

Bay State Prospect Less Gloomy; Agents Feel Relief

The word from Massachusetts is that in spite of an increase in compulsory automobile rates that was disappointing, in view of latest experience figures, insurers that had asked agents to hold up on the preliminary processing of such business now have given them the green light. Apparently a number of insurers, especially those writing a moderate volume in the state, were definitely planning to quit writing automobile if the rate increase granted were as far from reality as the one authorized a year ago.

There still are communities where some of the companies are not writing or are writing very gingerly, but on the whole the outlook is considerably less gloomy than it might have been. Taxi rates got a big boost and that will help, and property damage liability rates, which are made by the companies, are expected to help out materially. The PDL premium now is large enough so that a percentage increase means an appreciable number of dollars to pay claims.

One phenomenon of the compulsory business in Massachusetts that favors insurers is that increases become available at one time, Jan. 1. In other states, it takes a full year plus for the increases to become effective on all policies. The plus covers the advance writing of policies by producers.

Incidentally, auto casualty business country-wide, after having shown some second and third-quarter improvement, is said to be turning bad again in the 10th month. Accident reports are increasing for some of the large writers of the line.

Present Series on Auto Safety

The automobile accident situation is the subject of a special series of articles in the Hartford Agent, field publication of the Hartford Fire and Hartford Accident. Entitled "The Agent's Stake in Traffic Safety," the series is designed to suggest to agents ways in which they can work for a reduction in the motor vehicle accident toll in their communities. The opening article, which appeared in the October issue, covered various aspects of the accident problem and explained why agents have such a vital stake in its early correction. The second article, in November, dealt with community safety activities and featured examples of what agents have done to help prevent automobile mishaps on the local level.

U. of Minnesota Offers Two Insurance Courses

A seminar in automobile insurance and fidelity and insurance bonds, open to licensed agents or persons with experience equivalent to that of a licensed agent, will get under way this week on the campus of University of Minnesota. Cooperating in offering the seminar are Minnesota Assn. of Insurance Agents, National Assn. of Insurance Agents, and University of Minnesota school of business administration.

The course in fidelity and insurance bonds has been scheduled for 10 hours, and that in automobile insurance for 12 hours. Registrants will be asked to complete only one course and graduates will receive a certificate of attendance from the university and another certificate from National Assn. of Insurance Agents.

Chicago Casualty Managers Choose Miller President

L. F. Miller, Zurich, was elected president of Assn. of Casualty & Surety Managers of Chicago at its annual meeting. He succeeds H. B. Kiefer, Century Indemnity.

John R. Mitchell, Massachusetts Bonding, was elected vice-president; John H. Bryden, Glens Falls Indemnity, secretary-treasurer, and Kyle E. Simpson, Home Indemnity, assistant secretary.

Hear Stafford at Emporia

Emporia (Kan.) Insurers heard Gerald Stafford of Western Adjustment speak on unusual and peculiar losses. It was voted to hold a dinner meeting Jan. 21 with all public officials as guests, including the hospital board. Laurin W. Jones, Dodge City, a past president of Kansas Assn. of Insurance Agents, will speak.

Billings Agency Sold

Paul C. Covert and M. L. Burg have purchased the interest of Ralph W. Woodley in the Covert agency at Billings, Mont. Mr. Woodley has joined the E. A. Howell agency there.

Hartford Faces Tenn. Loss

There is a deficit of \$17,764 in the accounts of George A. Painter, former county court clerk at Athens, Tenn., according to a report made by E. M. Harrell, state auditor. Hartford Accident carries a \$45,000 bond on Painter. A previous county audit showed a deficit of only \$12,114 and the bonding company has asked a court determination of the amount due.

A. I. U. Display on Brazil

A display of Brazilian goods and raw materials is the third in a series of window displays created by American International Underwriters Corp. for its New York City office. Brazilian officials who visited A.I.U. saw displayed rubber from its crude form to the finished article, Brazilian nuts, textiles, and other products of the South American nation.

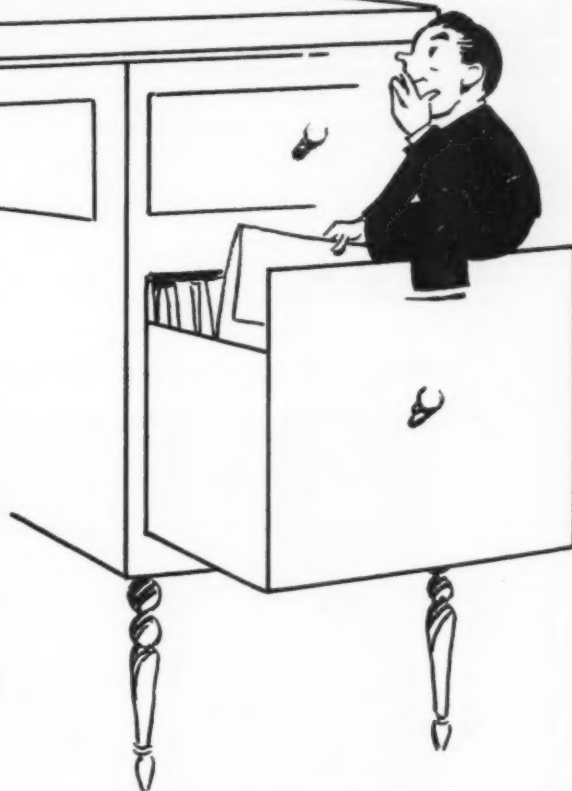
A.I.U. in Brazil represents Firemen's of Newark. Head office is at Rio de Janeiro and there is a branch office at San Paulo.

Appraisal Service Raises Dunham

Robert H. Dunham has been appointed mechanical department manager of Appraisal Service Co., industrial and milling appraising service with headquarters in Minneapolis. He joined the company in 1940 as mechanical equipment estimator and was later named assistant manager of the mechanical department.

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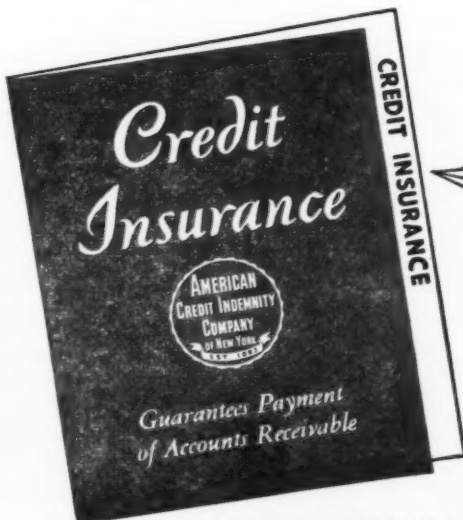
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N. Y. C. Bar Group Opposes Compulsory, "Comp" Auto

(CONTINUED FROM PAGE 21)

stantial deductible, e. g., \$500, to avoid breeding claims, to facilitate administration and to not unduly burden the fund with investigation and defense.

To prevent defeat of the plan by failure to keep insurance in force after registration, the committee recommends that appropriate administrative regulation be provided, e. g., that each insured registrant declare to the state upon registration his agreement to maintain security in force during the term of registration. Failure to comply would result in mandatory cancellation of registration and mandatory suspension of operator's license for two years.

The executive committee of the bar

association in 1950 directed the committee on insurance law to consider whether recommendations should be made to the legislature on compulsory. The study was broadened to include all problems created by financially irresponsible motorists. Two subcommittees successively dealt with the inquiry.

The committee concludes that though a problem exists in New York state as to reasonably assuring financial recompense to those suffering personal injury or property loss from auto accidents, it is not critical in size.

The number of unsatisfied judgments in the state probably does not exceed one-fourth of 1% of total auto casualties. These figures are, however, inconclusive since many claimants won't sue a financially irresponsible motorist. But 94% or so of motorists

are insured, not all uninsured motorists are financially irresponsible, there are additionally medical payments, workmen's compensation, disability, A.&H., hospitalization, etc. Despite these facts, cases of hardship continue to exit.

The report notes that the operation of the Massachusetts compulsory law has been an incomplete and unsatisfactory solution to the problem. If New York should adopt compulsory, it should not be a system based on present Massachusetts law.

Further extensions of private insurance, such as medical payments, would serve sound public purpose, the report states, as a means of closing the gap that does exist.

The report also rejects the idea of a compensation system in toto.

It likes impoundment. When added to the financial responsibility law, it should be a most effective inducement to all motorists to obtain insurance. It would facilitate collection of damages. It would apply at a fairly high level, say \$250.

The basic approach of the New Jersey UJF would appear to provide a realistic solution to many problems when the percentage of insured motorists is high, according to the report. But it does recommend the above differences.

Insurers Get Half What They Say They Need in Bay State

(CONTINUED FROM PAGE 21)

creased accidents and inflated costs, and will serve only to add even more crushing losses to the \$25 million deficit insurance companies have suffered on Massachusetts compulsory coverage in the past four years." The present state-wide average rate on private passenger cars is \$32.66, or only 97 cents more than it was in 1932, he pointed out. In other words, this has gone up only 3.1% while the cost of living has nearly doubled and the cost of a car has nearly tripled.

During the past four years, he went on to say, the insurance companies have been fighting to survive while the state has refused even to recognize the existence of the emergency. The compulsory rates which are made by the state do not even remotely approach adequacy and the parade of heavy deficits will now extend into the fifth consecutive year because it is a foregone conclusion that the 1953 tariff will fall far short of meeting the actual losses. Insurance companies, he said, can only hope that the new rates will serve to arouse the public to the desperate need of a highway safety crusade.

Mr. O'Connor said there is a handful of politicians that is trying to confuse the public by distortion and falsehood. He singled out Rep. Harold W. Canavan of Revere, who is going through the motions of seeking a special session of the legislature on compulsory automobile rates. Canavan had put out a statement charging that the insurance companies actually have been making a profit of \$6 million annually, not to mention what he claims is a profit of \$1½ from the interest factor and over and beyond that, \$3 million by discontinuing payment of commission to brokers. Thus, according to his strange arithmetic, he said that the companies with no increase over 1952 rates will show a net profit of 10½ million. He said they can't fool the people with false statements that they are losing money "because they can't explain why they are always back writing insurance and why their stock is always in demand—Travelers Ins. Co. stock sells for \$695 a share."

The hearing on the new rates will be Dec. 12.

Mr. O'Connor said that Canavan's charge that the companies are making a profit of \$7½ million on the Massachusetts coverage is typical of "his reckless and irresponsible outbursts."

It is also "incredibly stupid," he said. If the companies were making that kind of money, the rates would be going down instead of up, he declared. Mr. O'Connor said that while the tax rate of Revere has gone up from \$39.60 to \$56.80 in the last 20 years the auto rate there has dropped from \$96 to \$58.

Then Canavan let loose again and said that what he is after is a flat insurance rate with an eventual demerit system, a state rating board and an inspection of the books of the insurance companies. Canavan was the author of the flat rate question that went on the ballot and that was defeated. "The insurance companies spent over a million dollars to defeat it, apparently when it meant no difference to them in the total amount of premiums collected," he declared. He proceeds with his eccentric arithmetic to charge that the 1953 rates allow a profit of \$12,410,000 or 36.5% of the \$34 million premiums.

Then in answer to that, Mr. O'Connor said: "Canavan himself knows that the companies will do well if they don't lose that much money next year."

Mr. O'Connor alluded to a statement on the part of the flat rate advocates that the premium for every car owner would become \$27 under such a system. The rate, as a matter of fact, would exceed \$40 under present conditions, Mr. O'Connor said. The insurance companies, according to Mr. O'Connor will cooperate to the utmost in any responsible movement to establish a workable system under which motorists who cause accidents will have to pay more for their insurance than accident-free drivers. The insurers, he said, have always favored such a principle but the present system was laid down by the legislature and the regulatory authorities, and the companies have no alternative but to comply with that system. Any change in the system should provide without exception the ruling off the highways of reckless and irresponsible motorists who repeatedly cause accidents.

State Senator Richard H. Lee has again filed what he terms a merit rating plan under which the basic rate would be charged to those vehicles that for the preceding three years were not "judicially found to have been driven negligently, or to have been involved in minor violations of the law of the road." Then there would be an intermediate rate with a 50% surcharge for those that had a record of minor violations, etc., and then there would be a rate of 250% of the basic for drivers with the worst kind of records.

Rep. Paul F. McEvoy, Jr., Somerville, filed a resolution for a study of compulsory automobile insurance by a special commission. He also filed a merit rating bill.

Sumner G. Whittier, state senator from Everett, and lieutenant governor-elect was quoted as favoring a basic flat rate "with stern penalty provisions to increase individual responsibility." He condemned the zone system of rating and argued that the legislators from the low rate districts balk changes which he claims would improve the law.

N. J. Mariners Club Elects

The Mariners Club of New Jersey has elected the following officers: skipper, Edmund W. Ill, Jr., Appleton & Cox; first mate, George M. Healey, Automobile; yeoman, Henry F. Graeb, Boston.

The Christmas party will be held Dec. 19.

Chicago Auto Men to Meet

Automobile Superintendents Club of Chicago will hold its monthly meeting at the Midland hotel Dec. 9. G. S. Corcoran, manager of the automobile department of Western Adjustment, will talk on automobile losses.



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REINSURANCE

CONSULTANTS AND INTERMEDIARIES

"WE ARE WHAT WE DO"

Work Life as Measure of Loss in Damage Awards Explained

Some points concerning the standard of measuring loss in damage suits were brought out at the Society of Actuaries meeting in White Sulphur Springs by Thomas C. Smith, pension consultant, Chicago, and Frank L. Griffin, Jr., Wyatt Co.

For many years courts, attorneys, and others concerned with damage suits involving the loss of earnings have been handicapped by the lack of an appropriate basis for use in making a fair and reasonable measurement of such losses, according to the paper by Mr. Smith and Mr. Griffin. The fact that life expectancies are not an appropriate basis for this purpose has long been recognized not only by actuaries but also by the courts and many attorneys because obviously there can be no loss of earnings beyond an employee's working life time as contrasted with his physical life time.

The paper dealt specifically with cases involving railroad company employees, and there were included special tables with respect to them. However, the discussion was aimed at actuaries called upon to testify in actions to recover damages based upon the present worth of earnings lost. The techniques illustrated in the paper have had occasion to be applied to railroad employees but there is no reason why under comparable conditions they should not be given more general application, the paper points out.

The method suggested is that in a suit for damages based on earnings lost by reason of premature death or permanent disability, the value of future earnings should not be measured in terms of the whole life but rather in terms of a more realistic work life expectancy. This phrase means the duration of an employee's working life, which terminates not only upon death but also upon retirement for age or permanent disability in the case of any company or industry which makes formal provision for such retirement.

The paper notes that 17 states set a maximum limit for damages recoverable in actions for wrongful death, in amounts ranging from \$7,500 to \$20,000. But no such statutory limit exists in the other 31 states, nor in any of the 48 states where the action is brought under the federal employers liability act. Consequently the railroad company and its employee, in a damage case involving the latter, face the problem of convincingly establishing the present worth of earnings which the dead employee would have contributed to his dependents, or in case of personal injury the present worth of earnings which the injured employee except for disablement would himself have received.

In practice, the plaintiff's attorney usually employs an actuary to establish the plaintiff's expectation of life according to some mortality table. The actuary will then compute as of the day prior to the date of accident, the present worth of an annuity certain, for a term certain equal to the expectation of life, computed at low rate of interest such as 1 1/4%, 1 1/2% or 2%. The railway employee's average monthly wage is then computed and capitalized by means of the annuity. The resulting single sum constitutes the plaintiff's determination of the present worth of earnings lost.

This method is greatly favored by plaintiff's attorneys because it is readily understood by laymen and courts. Aside from its understandability, according to the paper, there is nothing to recommend it. It has been condemned both by courts and the actuarial profession.

The use of an annuity certain for the expectation of life overstates the true value of a life annuity. In addition, the life expectancy method substantially overstates the present worth of earnings lost because it makes no allowance for the probabilities that the employee might on some future day become permanently disabled, that he might voluntarily retire on an age pension for a railroad employee, under the railroad retirement act, and that in the normal course of employment he will lose time from work because of sickness, lay-offs or other causes for which he will receive no compensation.

To make a truly scientific determination of earnings lost, all durations of time with respect to which a railroad employee would not be expected to receive his earnings should be excluded from the capitalization factor. Though it would probably be impossible to



Ralph Knudsen, Hawkeye-Security; A. R. Nelson, Hawkeye-Security, and C. M. Fish, Freeport Motor Casualty, on hand at N.A.I.I. meeting.

make a scientific allowance for all such durations, some such durations are capable of estimation on the basis of tables derived from actual experience. The three particular durations which can properly be excluded in this manner commence respectively upon employee's death while at work, at the inception of his permanent disability while at work and at the inception of

his retirement from active duty on an age pension.

The following table compares certain values obtained by both the life expectancy and work life expectancy methods and demonstrates the considerable overstatement inherent in the use of the former. This is a determination of earnings lost based on interest at 3% of mortality according to the railway employees mortality table. The table follows:

Age of the employee	Life expectancy (years)	Work Life expectancy (years)	present worth of \$1 per month earnings lost at 3% per annum interest	% of work life expectancy to life expectancy method values
25	44.19	34.07	\$295.65	84.18%
35	35.20	25.54	262.22	79.40
45	26.21	17.13	220.82	70.75
55	18.87	9.32	173.35	54.75
65	12.42	2.39	124.59	21.17
75	7.54	1.85	81.01	25.52

The work life expectancy method offers a much closer approximation to the true value of earnings lost than any other method thus far used by the courts as evidence on this point. This method still favors the plaintiff, though less than the life expectancy

"Selling LIFE improves my general insurance business"



H. A. Golub of C. D. Golub, Inc. (right) and L. E. Olson, Manager of Prudential's Ordinary Agency in Boston, return from a successful sales interview.

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method, through a certain amount of unavoidable overstatement of earnings lost. For example, there are further reductions of working time which theoretically should be allowed for, such as uncompensated leaves of absence, illness without pay, lay offs, strikes, etc. Erring, as it does, in favor of plaintiff, the work life expectancy method cannot be said to do any injustice to the injured person and should certainly supplant the inferior and theoretically indefensible life expectancy method.

The paper presents several cases illustrating the work life expectancy approach.

One employee was injured at the age of 65 years and 109 days. He had a contract with the union making retirement on a pension under the railroad retirement act compulsory at age 70. A temporary annuity running for four years and 265 days expresses the capitalization factor in this case. The present worth of \$1 per month earning lost in this case is determined to be \$24.83 if 3% per annum interest is selected for the purpose of effecting such evaluation. Earnings of \$475 were adopted for the purpose of effecting capitalization which resulted in a sum of \$11,794. The corresponding figure by the life expectancy method would have been \$57,794. The paper suggests

rounding off the result in such cases to an even number, in this case \$12,000, because it is sufficiently accurate for the purpose and is more easily remembered and handled by everyone involved. Also the figure of \$11,794 implies a degree of exactness which is not inherent in the basic table.

This case was bitterly contested. Judgment on the \$150,000 suit was for \$27,000, including an unspecified amount for pain, suffering and expenses. The railroad felt that the verdict was reasonable and that the actuarial testimony did much toward keeping it as low as it was.

In another case, an employee was killed at 61 years and 231 days of age. His wife was 58. By use of the tables included in the paper, the three factors are determined which are involved in computing the value of lost earnings in death cases.

The plaintiff's actuary by the life expectancy method determined the widow's loss to be \$62,000. Refigured by the work life expectancy method, the sum is \$18,000. The jury brought in a verdict for \$40,000. Apparently they averaged the contention of both sides and gave one-half to each.

The paper states that up to the moment of its writing no one has been able to argue effectively or to validly demonstrate that the techniques or

methods described are inequitable in any respect. The problem of establishing the value of earnings lost attributable to personal injury or wrongful death is not peculiar to any one industry or group of individuals. Hence, it would be desirable to establish an acceptable standard table or tables for use generally in the courts and by counsel, as has been done in connection with railway cases. The paper suggests that standard tables for application to specific cases would become acceptable and the work life expectancy method recognized.

Cleveland All-Industry Gathering Is Set for Dec. 9

The All-Industry luncheon at Cleveland is to be held at Hotel Allerton Dec. 9. C.P.C.U. designation, will be awarded to 12 Ohioans. Dr. Harry J. Loman, dean of American Institute for Property & Liability Underwriters, will present the diplomas.

Arthur L. Benjamin, insurance buyer of Cincinnati Gas & Electric Co., will speak on "Tools of Your Trade". The business meeting of the Ohio C.P.C.U. Chapter will be held that morning. Following the luncheon a meeting will be held for all who are interested in C.P.C.U. E.O. Pierce, St. Paul, F. & M., an educational director of the Ohio chapter, will preside and introduce Dr. Loman.

Robert O. Young, North America, retiring president of the Ohio chapter, will be presiding at the meetings.

Boiler and Machinery Primer

Lumbermen's Mutual Casualty has brought out a 52-page booklet entitled "Primer of Boiler & Machinery Insurance." The author is Walter R. White, Jr., who is vice-president of the boiler and machinery department of L.M.C. It was introduced at the breakfast given by Lumbermen's Mutual and American Motorists at Chicago for the insurance conference of American Management Assn.

Four Ohio 1752 Clinics

Four very successful clinics were conducted by 1752 Club of Ohio on behalf of Ohio Assn. of Mutual Insurance Agents at Dayton, Kent, Findlay and Granville. Total attendance was 525 which included agents, office personnel, company executives and field men. Highlighting the program was the discussion of the Ohio safety responsibility law by Glen L. Bishop and John R. Crunelle of the Ohio bureau of motor vehicles.

Chairman was Jess Barber, Northwestern Mutual Fire. Moderators were T. Edward Corder, Auto-Owners; E. H. Adolph, Pawtucket Mutual; H. D. Kephart, Central Mutual, and Donald Beiser, Lumbermen's Mutual.

Dodge County Agents Elect

New officers elected by Dodge County (Wis.) Assn. of Insurance Agents are I. C. Becker, Beaver Dam, president; Floyd Roll, Hustisford, vice-president, and George Frederick, Sr., Beaver Dam, secretary-treasurer.

New Wash. Assigned Risk Forms

Companies belonging to the Washington automobile assigned risk plan have received a recommended standard application form, which Manager E. R. Haffner hopes will be adopted generally. With 138 companies using different procedures to notify applicants, producers of record and the assigned risk office, there much time is consumed in processing the correspondence.

A new application form has been put out. No other form will be accepted after Oct. 1, 1953, which will allow time for supplies of the present form to be used up.

N. Y. C. Court Starts 1-Year Experiment to Speed Up Personal Injury Suits

NEW YORK—A plan to speed up bodily injury suits will be launched next week in the supreme court of New York county, in a one year experiment. Medical societies will furnish independent experts to aid the court in troublesome cases. When a supreme court justice finds that medical claims of plaintiff and defendant differ widely, he will assign an expert from a panel to examine the plaintiff.

The experiment will be financed by a grant of \$40,000, half and half by Alfred P. Sloan foundation and the Ford Motor Co. fund. David W. Peck, presiding judge of the appellate division in Manhattan and the Bronx, indicated that the experiment might constitute a pattern for court adoption throughout the country. Justice Peck was one of the movers in the adoption here some time ago of pre-trial consultation with both parties by the judges in an effort to speed the handling of personal injury cases.

Plan Assigned Risk Service

At the November meeting of San Antonio Insurance Exchange, President Gordon Friedrich presented the matter of acceptable service on the assigned risk plan. He emphasized that if people are shunted off and buy their automobile insurance from non-stock companies, business other than that of automobile coverage may be lost in the future.

He appointed a committee to study the possibility of setting up a special service center to care for those who must depend on the assigned risk plan for coverage.

Lunch for Legislators

Members of the Pennsylvania legislature from Philadelphia and four neighboring counties will be honored by a luncheon given by the Insurance Agents & Brokers Assn. of Philadelphia & Suburbs.

A. J. Kellenberger Retires

A. J. Kellenberger, who will retire at the end of the year as Seattle manager of the Pacific department of the Mill Mutuals, will be succeeded by N. J. Sankela, an assistant manager there. George R. Kellenberger will become assistant manager.

A. J. Kellenberger, 65, was honored for 42 years of service at a dinner given by the office and field force.

Diffenderfer in New Post

D. R. Diffenderfer of Salina, Kan., has become manager at Lincoln, Neb., for Western Adjustment.

Mr. Diffenderfer joined the company in 1934 and became Salina manager in 1940.

John C. Roberts Promoted

John C. Roberts has been appointed secretary in charge of personnel of the claim department of Travelers.

Morehead Seattle Special

Richard E. Morehead has been appointed special agent at Seattle of American Surety. He is a graduate of University of Washington.

Knowles Back from Navy

Robert B. Knowles has resumed his position as fire insurance engineer with America Fore at Seattle following return from the navy. He served in Korea as an engineering officer.

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SIMPLER A. & H. FORMS SHOULD EASE MANY DIFFICULTIES

By Dr. Joseph Altman,
Collaboration by
Carl D. Jones

Over the years I have reviewed claims for various companies and had the opportunity to evaluate many thousands of claims and claim forms. There have been numerous complaints from insured, doctors and hospitals concerning the length and complexity of these forms. The hospitals and the doctors were doing most of the complaining. Considering these complaints carefully I felt that in many instances there was some justification.

In numerous instances doctors and hospitals refused to fill out complex forms and contended that they were too long and contained many questions irrelevant to the claim. Doctors and hospitals furnished their own statements which gave insufficient information.

After a complete study I felt that the companies are primarily interested in certain aspects of insured's condition, e.g. the most important, past medical and surgical illnesses, that might have affected the underwriting, or caused the condition for which a current claim is made, or a factor in prolonging the disability of the current claim, or there may have been an aggravation of an old condition.

Dr. Altman, medical director of Companion Life, is the author of "Underwriter's Medical Guide for A.&S. Insurance," published by the National Underwriter Co. Mr. Jones for many years has been in charge of claims for Commercial Travelers of Utica, in New York City. He has been with that company for 40 years.

The hospitals contended that because of the length and complex nature of the forms they have been requested to complete they lose money and cannot afford to allot the time for trained record clerks to fill out the forms, even though fees are allowed. I realize, as does the business, that simpler, less complex and standardized forms are essential to satisfy all concerned and yet give complete information and hasten the processing of claims. Accordingly various forms and methods were tried. I have concluded that smaller forms, simpler procedure and fewer questions could produce better results, with the company receiving sufficient pertinent information to process A. & H. claims from their inception to completion and disposal.

In drafting these forms I have introduced the code of American Medical Assn. (code numbers used are from Standard Nomenclature for Diseases and Operations) as a method of giving the case, past and present diagnosis, in a few numbers. This allows the companies to create statistical and actuarial records from the code numbers which can be tabulated on IBM machines.

With these simplified forms the companies can have punched in IBM cards the following statistical information and records for future reference: profit or loss ratios, nationwide or state by state, or loss ratios from individual diseases or injuries plus the number of days of disability for individual diseases or injuries, code numbers for riders on a policy, past medical and surgical history, present diagnosis, amount paid on claim, whether claim was for accident, health, medical or surgical expense, or hospitalization. All of this on one small IBM card, as

illustrated.

As far as I know all this statistical information has never been kept and is not available. This can eventually lead to information that might allow closer rating of A. & H. premiums.

I am presenting eight forms to be used at various phases of claim procedure. They were formulated with the collaboration of Mr. Jones and have been designated as A. & H. simplified accident and health claim forms. These forms are of convenient size, already addressed and fit into a standard #10 open window envelope. The forms are so simple, they can be quickly filled out, completely eliminating doctor and hospital objections, especially as to time and complexity of the forms.

These forms are designated as AJ100, AJ101, etc. and constitute preliminary statement of claim, accident; preliminary statement of claim, sickness; medical form attending physician report; resume of hospital record; for hospital, medical, surgical expense; monthly medical report; final claim statement, accident, and final claim statement, sickness. The reverse side of all forms is for mailing. The address of the company is printed in the designated space.

The preliminary forms were designed so they might be sent with the policy when issued, eliminating any chance of insured stating he or she never received forms to report an accident or sickness. A short statement can be typed on the policy, "preliminary statement forms included." When any of these are received as notice of claim, they would provide sufficient information to inform a company what kind of claim they are dealing with and in many cases the notice and information on these forms would be sufficient to pay the claim. These forms are simple, will allow better service, quick payment on small claims and sufficient early information on more serious claims.

The attending physician and hospital resume forms respectively (AJ102 and 103) are so simple that they can be quickly filled out completely, thus eliminating doctors' and hospital objections as to the time required to fill out the forms and they simplify the work for all concerned. The physicians and hospital forms are formulated by a doctor with years of experience in private and hospital practice, insurance claims, underwriting and executive experience who knows what the doctor, hospital and insurance companies want. These forms obtain more pertinent information than many long forms.

On these two forms I have enumerated conditions of vital organs which often complicates a claim and its disability and which are important to the underwriting status of a case. By enumerating these conditions, all that is necessary for the physician or record librarian to do is to enter a check mark in the space allotted and, where they have them, give the code number in the space provided instead of writing in the information.

The code numbers are from the Standard Nomenclature for Diseases and Operations, which is used for morbidity records and give a world of information in a few numbers when these numbers are properly interpreted. Instead of writing a full diagnosis the code numbers provide the answer. These numbers have also been used and can be obtained from Altman's Underwriter's Medical Guide for Accident and Sickness Insurance, published by the National Underwriter Co., Cincinnati, Ohio. For mortality records, city, state and federal, authori-

ties usually use the international code. Thus the coding simplifies the work for all concerned, especially for those dealing with statistical records.

The doctors certainly should not object to filling out a small form 3 1/4" x 9 1/4" with just a few questions which require a few minutes time and that is all that is necessary. The form is already self-addressed and an open window envelope is supplied. The hospital resume from AJ103 can be mailed to the hospital with an authorization and fee and by its simplicity, it speeds completion and return. If code numbers are used on this form the whole diagnosis,

both past and present can be conveyed in a few numbers.

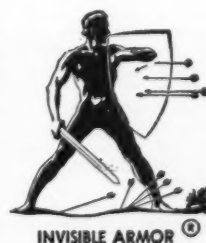
Many forms for physicians and hospitals in the past have required or requested a report on the physical examination. I feel that if this is required the company should get it through its own examiner. From many years of experience I believe that sufficient information is obtained on Forms AJ102 and 103 to give the claim and medical departments sufficient pertinent information, past and present, to evaluate the past history or current claim and provide an evaluation of the

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List French Insurers That Set up U. S. Trust Fund

Much interest is being taken in the action of the group of French insurers that set up a \$1 million trust fund at New York for protection of U.S. and Canadian insurers carrying reinsurance with the French companies.

The 16 French insurers signatories to the trust deed are Nationale Reassurances, L'Union I. A. R. D., La Preservatrice, L'Urbaine & La Seine, Mutuelle Generale Francaise Accidents, L'Beille Incendie, Phenix Incendie, La Prevoyance, La Providence Accidents, La Providence Incendie, Societe Nord Africaine de Reassurances, L'Abeille Accidents, Le Monde I. A. R. D., Le Secours, Le Nord I. A. R. D., and La Participation.

Under the trust instrument, all U. S. and Canadian dollar premiums payable under the underwriting agreement to the French companies involved are subject to the trust and will be paid over to the trustee. All claims of American and Canadian insurers protected by the trust will be payable from the trust fund. The entire amount of the trust will be available to protect commitments of any company party to the trust under its reinsurances in favor of American and Canadian companies, when such reinsurances have been placed pursuant to the underwriting agreement.

Legislative Plans in Ore.

Oregon Assn. of Insurance Agents is not planning to sponsor any insurance bills in the forthcoming session at Salem, but it is laying the groundwork to defeat any measures adverse to insurance.

No final decision has been made regarding sponsorship of an anti-coercion bill. It was deemed inadvisable at this time to attempt to enact an anti-auto dealers statute similar to the one in Ohio which was upheld by the U. S. Supreme Court recently.

Walker Portland Speaker

Paul Walker, superintendent of underwriting for Aetna Casualty at Port-

land Ore., spoke on "Comprehensive Liability Coverage and Exclusions" at a luncheon meeting of Portland Assn. of Insurance Agents. Mr. Walker placed particular emphasis on property damage coverage under the comprehensive policy.

Adventist Group Has Reciprocal to Insure Non-Drinkers, Non-Smokers, Non-Drug Addicts at Walla Walla

A reciprocal is being organized in the state of Washington by members of the Seventh Day Adventist Church with the idea of selling insurance only to those of "abstinence or great moderation in the smoking of tobacco and in consumption of alcoholic beverages or use of narcotics." This is to be known as International Insurance Exchange and Insurance Exchange Corp. of Walla Walla has filed a registration statement with SEC covering 30,000 shares of \$10 par value common stock and 14,000 shares of \$50 par value preferred. These are to be sold in units of one share of preferred and two of common, the purchase price to be \$70. The sale of stock is also to be confined as far as possible to persons of temperance and abstinence.

Mansfield Company Shifts

Lumbermen's Mutual, Mansfield, has transferred John L. Moores from New York and Connecticut as field representative, to Michigan.

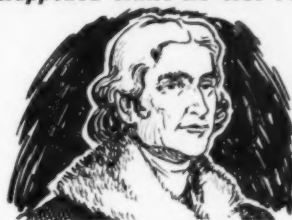
Peter J. Bouska, formerly resident engineer for Lumbermen at New York, has taken over field duties in metropolitan New York and New Jersey.

Allan C. Jones, just recently released from the army, is now serving in Massachusetts and Connecticut.

Ponder N. H. Proposal

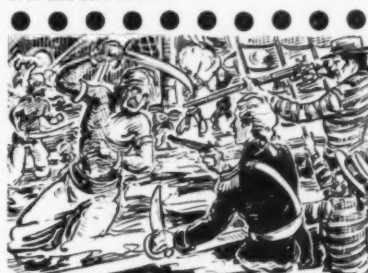
At a meeting in New York last week of the industry committee that is studying the New Hampshire proposal to insure the driver rather than the automobile it was agreed to pursue the exploration further. There will be a partial report to the commissioners in December with the aim to produce a conclusive report at the N. A. I. C. meeting next June.

THEY MADE HISTORY It Happened While He Was President



THOMAS JEFFERSON

3rd President of U.S., was born April 13, 1743 and died in 1826.



WAR WITH BARBARY PIRATES

Successful war was waged with Barbary Pirates, who had been preying on commerce.

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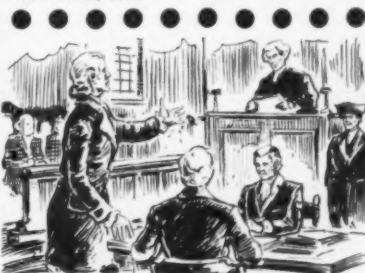


3: THOMAS JEFFERSON



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California Gets New Broad Form Policy

(CONTINUED FROM PAGE 1)

cultural smudge or industrial operations, and would cover fireplaces, etc. The requirement that these devices have vent pipes is deleted.

In the deductible clause has been inserted the phrase, "in any one occurrence." If explosion followed fire, for example, the \$50 deductible would apply to this entire occurrence, but if a day intervened between explosion and fire, the deductible would apply to each occurrence. The former vehicle damage exclusion referred to a vehicle operated by an occupant of the dwelling but is now revised to, "owned or operated by any occupant."

In the exclusion of damage due to accidental discharge of water, the language has been amended to add to the exclusion the cost of repair or replacement of damaged portions of plumbing and heating systems, domestic appliances, etc.

The original form did not contain a percentage limitation on recovery for additional living expense in any one month but does now, this being 25%.

Extensions of coverage were 12% on outbuildings and 12% on rental value. Each is now 10%.

There is also now a combined recovery limit of 10% where there is a combination additional living expense and rental value loss.

The previous reference in the windstorm cover to sandstorm, dust, etc., through open doors or windows has been modified to delete the open doors or windows.

Sterling Not Involved in Ill. Vs. American Farmers Litigation

Edward Jacobson of Snell & Wilmer, Phoenix attorneys representing American Farmers in its contentions with Director Day of Illinois, has written THE NATIONAL UNDERWRITER that any

reference made to Sterling Ins. Co. of Chicago in a letter that was quoted in the Oct. 23 issue was not intended to reflect upon Sterling. The letter was to Roger W. Hayes, states attorney of McDonough county, where Director Day has brought suit asking a permanent injunction against American Farmers from doing business in Illinois. Mr. Jacobson said that American Farmers has secured its business in the state "in a fashion similar to the method used by Sterling Ins. Co. of your state, namely, by advertising." In his letter to THE NATIONAL UNDERWRITER he says that "the difficulties of the American Farmers in Illinois are in no way connected with Sterling Ins. Co., and if we or any of our representatives have in any way reflected upon Sterling, it was purely involuntary on our part."

Lynch Gives Pros. Cons of All Risk Forms

(CONTINUED FROM PAGE 16)

made for any waiver of the all risk exclusion so that when this conversion takes place, both policies may provide substantially less coverage than specified peril policies covering the same perils since those policies do not contain the all risk exclusions.

Almost every company offering an all risk dwelling form seems to have certain inhibitions of its own, the speaker added. There are numerous other exclusions, and a partial list taken at random from five or six of the better known forms includes flood, rising water, wave action, inundation, seepage through basement walls, subsidence, landslide, wet or dry rot, smoke from smudge pots, smoke from fire places, dampness of atmosphere, moth, electrical breakdown, electrical injury, mould, rust, chemicals, termites, other insects, vermin and rodents. These forms are constantly being revised, but usually the revision is to incorporate a new exclusion rather than to eliminate an old one, although that is occasionally done. In addition to the exclusions, most of these forms make exceptions to the coverage of certain classes of property, and exceptions to certain conditions, for example, while the dwelling is rented to others, while it is vacant in excess of 60 days or while the hazard is increased beyond that normal to the occupancy of a dwelling.

Auto BI and PDL Rates are Increased in R. I.

The New auto BI and PDL rates became effective in Rhode Island Monday. For private passenger cars the increases range from \$20 to \$9 and for most commercial cars affected by higher rates, the increases for the combined coverages range from \$7 to \$30.

In Providence and the other places taking the same rate, the new class 1 rate is \$43 against \$41, and the new class 2 is \$71 against \$66. The lowest rates are in Newport and Washington counties where the new class 1 tariff is \$35 against \$29 in the least and the class 2 rate is \$57 as against \$48.

Walker to Maryland Cas.

Charles J. Walker has been appointed manager of the new New York City fire and marine department of Maryland Casualty. He spent three months at the home office preparing for the post, which includes supervision of all fire and marine business in the office. Prior to joining Maryland Casualty, he had 26 years experience with Automobile, National Fire and Zweig, Smith & Co. and Gruber & Lynch, New York City agencies.

Premium Payment Rule

At a special meeting of New York Board the members approved in prin-

ciple the plan presented for the adoption of a premium payment rule in conformity with the one presently in effect in New York Fire Insurance Exchange. The membership will be circulated with details prior to the next regular meeting of the Board Dec. 17, at which time the amendments to the by-laws to assume this additional activity will be formally presented for adoption.

All present members of the N. Y. F. I. E. will be invited to join New York Board and to participate in all the activities of the board.

Activities to be assumed by New York Board will relate solely to the supervision of the premium payment rule and to no other matters now within the jurisdiction of N. Y. F. I. E.

Phillips Gets Spokane Post

Phoenix-London group has appointed Robert Phillips special agent in charge of the Spokane office, which services eastern Washington, eastern Oregon, Idaho and Montana. He replaces Frank Brockett, resigned.

Mr. Phillips has been with the group since 1951 and completed the special agents training course, in addition to intensive training in all departments. He was formerly in the local agency business at Lewiston, Ida. and Pullman, Wash. He is a navy veteran.

Extra for Aetna Fire

Directors of Aetna Fire voted an extra dividend of 25 cents a share payable Dec. 26 to stockholders of Dec. 8.

Carl B. Rogers Dies

Carl B. Rogers, veteran partner of the Critchell-Miller agency of Chicago, died Wednesday at his home at Park Ridge, Ill. His age was 77 and he had been with Critchell-Miller for 55 years.

Employers Names Managers at Louisville, Cleveland

Employers group has appointed Norman M. Wilson resident manager of the Kentucky department at Louisville. He joined Employers in 1936 as an underwriter, became agency supervisor and then manager at Oakland in 1947. He replaces James V. Rice, who has been transferred to Atlanta as assistant resident manager. Mr. Rice has been with the group since 1929.

The group has appointed Frank C. Filipowicz resident manager for northern Ohio at Cleveland. He has been with the companies since 1940, most recently in Wisconsin. He replaces Raymond Prince, Jr., who has been transferred to Oklahoma City.

N. J. Surety Group Elects

Paul S. Parris, Fidelity & Deposit, was elected president of the Surety Underwriters Assn. of New Jersey. Other officers include Herbert N. Hutchinson, American Surety, vice-president; Thomas J. Debold, Glens Giber, Fidelity & Deposit, secretary. The trustees are William A. Sadler, Century Indemnity, George A. Paul, Fireman's Fund Indemnity, John A. O'Hea, National Surety, James N. Conway, Hartford Accident, and P. A. S. Rogers, U.S.F.&G.

W. Walter Williams of Seattle, who has been chosen as under-Secretary of Commerce in the Eisenhower cabinet, has a prominent interest in the insurance business through his mortgage lending house known as Continental, Inc., that embraces a large insurance agency operation. He is a director of Paramount Fire, which was started under the aegis of Mortgage Bankers Assn. of which he is a past president.

WANT ADS

Rates—\$13 per inch per insertion—1 inch minimum. Limit 40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.
THE NATIONAL UNDERWRITER—FIRE & CASUALTY EDITION

WANTED IN HAWAII

Experienced Man, Fire and Casualty, to do surveys, analysis and programming both large and medium accounts. This position offers excellent opportunity by one of Honolulu's oldest and largest General Agencies. Salary open. Write outlining experience, age, marital status and salary expected. Correspondence absolutely confidential. P. O. Box 3050, Honolulu 2, T. H.

WANTED—SPECIAL AGENT—FLORIDA

We have an opening for a special agent who is experienced in the Florida Field. Both fire and casualty knowledge is required. Cas. S. Tobin, U. S. UNDERWRITERS, INC., 420 Lincoln Road, Miami Beach, Florida.

FIRE UNDERWRITER

Experienced in Underwriting for Southern states, salary based on experience and ability. Fine opportunity for assured future in growing all risk company. Address Fred H. Calvin, Executive Vice President, Kansas City Fire & Marine Insurance Co., 301 West 11th Street, Kansas City, Missouri.

FOR SALE

Insurance Agency established in 1933 for 60 per cent of 3 years commission. Located in North Central Ohio in a town of 9000 population. Address P-18, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

CASUALTY UNDERWRITERS

Excellent opportunity for well qualified underwriter to join one of America's leading casualty insurance companies for its Milwaukee Branch.

Applicant should be 28 or over, have a college education and have some experience in the underwriting field; all replies held confidential. Write, giving full details to P-30, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

AVAILABLE

Production supervisor multiple lines. 17 years experience in all branches of the business. Have a wide acquaintance and following in western Michigan, would prefer this location but will consider the south or west. Address P-26, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

Capital Provided COMPANY FINANCING

Address P-28, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Ky. Claims Manager Position
Twenty years insurance experience. Eight years in casualty claims. Five years as Assistant Manager with unlimited authority. Thorough knowledge of Kentucky compensation laws. Salary open. Excellent references. Available January 1st. Address P-29, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

GENERAL AGENTS

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Braerton, Simonton, Brown, Inc.

527 Gas & Electric Building
Denver
Phone Acoma 4851

Ritter General Agency

FIRE—SURETY—CASUALTY
855-62 Gas & Electric Building
Phone Acoma 2811

Denver 2, Colorado
Colorado—Wyoming—New Mexico—Utah

KENTUCKY

Bradshaw & Weil General Agency Co., Inc.

Starks Building
Louisville 2, Kentucky

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What has an "alpha-numeric accounting machine" to do with the cost of automobile insurance?

The machine pictured above can print a State Farm premium notice faster than you can say "alpha-numeric accounting machine."

In fact, it can do the job *thirty times faster* than it could be done by hand. It will turn out 1,500 complete premium notices, ready for mailing, in the time a competent clerk-typist could do only 50.

To a company like State Farm, which now mails out premium notices at the rate of 4,600,000 a year—one each six months to every one of State Farm's 2,300,000 members—the savings thus effected are obviously tremendous.

The fact that this machine *can* be utilized effectively by State Farm is due to State Farm's practice of issuing a single policy to members—

kept in force by direct premium payments to home or central office.

This centralizes routine paper work . . . puts it on a mass-production basis . . . eliminates double bookkeeping . . . frees local agents from time-consuming routine chores and much office expense . . . enables them to concentrate on their essential job of serving State Farm members, old and new, in their communities and qualifying new ones.

And it permits State Farm to take full advantage of new developments in machines or methods that can contribute to more efficient handling of every phase of State Farm operations—so that the savings can be passed on to State Farm members in the form of lowest possible cost for their insurance.

State Farm Insurance Companies

State Farm Mutual Automobile Insurance Company

State Farm Life Insurance Company

State Farm Fire and Casualty Company



Home office—Bloomington, Illinois. Branch offices—Berkeley, California—St. Paul, Minnesota—Lincoln, Nebraska—Marshall, Michigan—Dallas, Texas—Charlottesville, Virginia—Toronto, Ontario. Field claim offices in more than 250 principal cities.

YOUR INSURANCE AGENT—

Mighty Good Man to Know

WHAT'S YOUR big interest—business? ... your home? ... your town? Well this is for sure—and for free—your life will be a lot more pleasant if you get real friendly with your home town Home Insurance agent. As long as you carry insurance, you are entitled to the specialized services he can give you—but it's up to you to take advantage of them. Suggestion: call your insurance man soon—ask him what he'd like to do for you!



Good Neighbor Policy!
How long since you've had a neighborly chat with your insurance agent or broker? You know, the better he understands your needs and problems, the more he can do for you. You'll find that he can be one of your best friends.

It's Your Town—
is it protected? Many a town has benefited by having a complete survey of municipal insurance coverages—a job best done through



Are you in this picture?

You are if you're a Home agent or broker. For the advertisement above is a picture—in words and illustrations—of a typical Home producer and the job he does in his community.

A big picture? You bet—and a big audience. 19 million readers of national magazines will see this advertisement. They're more than just readers though, these 19 million. They're *policyholders* and *prospects*. The purpose of this campaign is to put you closer to *both*.

☆ THE HOME ☆ *Insurance Company*

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE • AUTOMOBILE • MARINE

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Casualty Insurance • Fidelity and Surety Bonds

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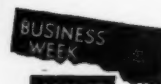
JAN 21



JAN 30



JAN 19



JAN 17

